

Merchandising

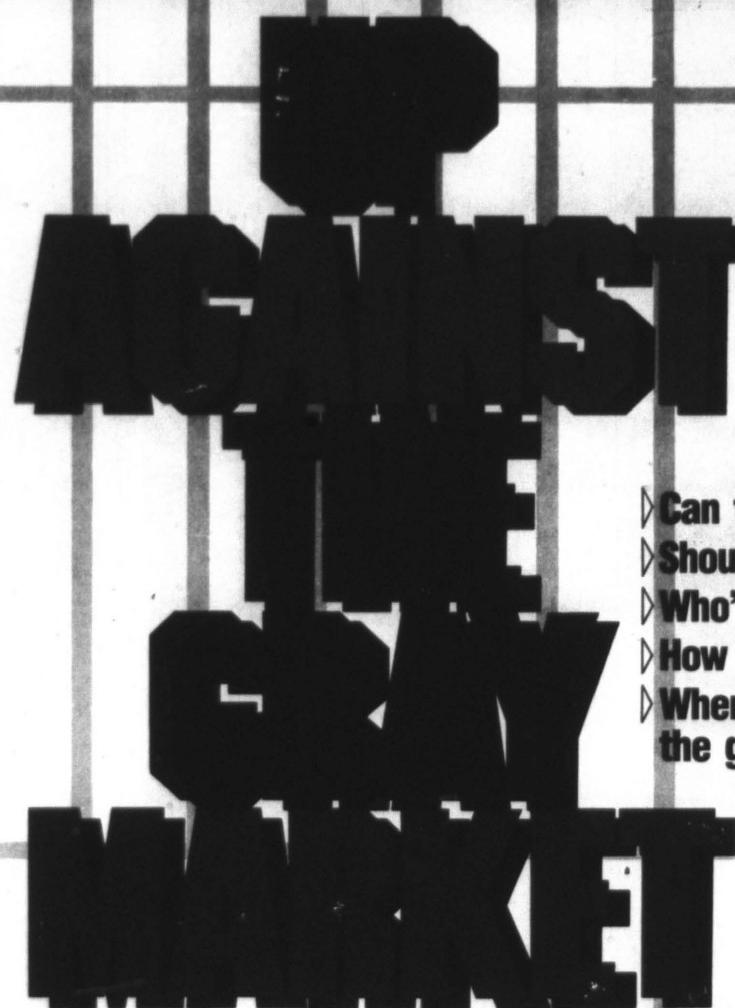
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JANUARY 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

U.S. RETAILERS FIND THEMSELVES



- ▷ Can they compete?
- ▷ Should they play?
- ▷ Who's behind it?
- ▷ How does it work?
- ▷ Where do they get the goods?

**Vendors Spotlight
New Products at Winter CES**

**New Appliances Unveiled
at Home Builders' Show**

Also in this issue:

- Retailers seek higher profits in hifi VCR's
- Computers prepare for a second thrust at the home market
- Phil & Jim's: Following a master plan for expansion
- A day in the life of a small appliance/personal electronics buyer
- How to deal with post-holiday stress problems
- Are cordless phones hazardous to your customers' health?

TRENDINGS IN COMPUTERS



Frank Caronese

Japanese competition grows to challenge U.S. companies

I will try my best not to make this piece sound like a press release from the Japanese National Tourism Board. My recent trip to the Land of the Rising Sun along with about 30 of my colleagues in the trade and business press proved fascinating both from a personal and business point of view.

Not having set foot off the North American continent, I approached the trip with great expectations. I was careful to do my homework before embarking. A first time visitor to Japan

should force himself from envisioning stereotypical scenes and people. Far from a land in which everyone hovers over a computer screen 12 hours per day and eats nothing but raw fish by evening, Japan is a wondrous place whose diversity of occupations, clothing and scenery rivals our own.

So much for the plug. While seeing the sights of Tokyo and Kyoto, I had to keep reminding myself that business was business. And while I had no illusions about unlocking the key to Japanese competition in the

computer industry, I did want to return with some idea of what the coming years will bring.

By all accounts Japan and the United States are the two largest economic powers in the free world, and after battling on the automotive and consumer electronics fronts, the computer field seems to be the next major struggle for dominance between these two nations.

Make no mistake, the Japanese competition will get tougher. Nearly every time I switched on the television there was some sort of English language instructional program on the screen. Every student, from the first grade until graduate school, is required to take English, so that by the time these youngsters become adults they are fluent with our language, if not our culture.

What does this have to do with the coming battle on the home computer level? Well, if Japan is so intent on assimilating English it will make it that much easier for them to compete successfully with Apple and IBM and whomever else becomes a dominant player in the market.

Naturally I can only theorize on the basis of my visit to Epson, the company that sponsored the trip. But I would suspect that most of the Japanese computer firms planning products for the American marketplace view the United States as their prime growth area. For example, according to an Epson executive I interviewed, in 1984 10 million personal computers will be shipped worldwide, with 60 percent, or six million, of the total amount being home computers. The executive said he would be happy if Epson garnered five percent of that six million.

Well, if Epson wants five percent of the personal/home market, what about the remaining Japanese companies? They won't be content to sit back and sell to whomever is left. This potentially combative atmosphere across the Pacific should, and does, worry American business.

Sculley comments

In his recent keynote speech at Comdex in Las Vegas, Apple president and chief executive officer John Sculley took on the subject.

"While American industry continues to invest in research and development in the laboratories, Japanese companies are making their investments on the production floors," Sculley told the audience.

"In fact, the whole priority in engineering in Japan is considerably higher than in this country," he said. "For every 10,000 people in Japan, there are 400 engineers; while for every 10,000 people in the United States, there are only 40."

So all those engineers must be up to something. Whether some fruits of their labors become apparent at this month's Consumer Electronics Show remains to be seen. But even if no significant Japanese breakthrough happens, that doesn't mean 1985 will be a slow news year from overseas.

For they are committed to becoming major forces in the personal/home categories. Epson executives admitted during interviews that one of the reasons for the limited participation with home computers so far is their lack of knowledge in American software. Once they study our industry more closely and see who is using what programs, the task of creating useful software and machines becomes less daunting.

NovAtel. The new company with a long history of leadership in mobile telecommunications.

NovAtel is a joint venture between Alberta Government Telephones — which has long operated the largest mobile network in the world — and NOVA, AN ALBERTA CORPORATION, one of the largest corporate users of communications in Canada. Both companies have committed their financial, technical and human resources to making NovAtel a major force in the cellular telecommunications industry.

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MERCHANDISING

OVERVIEW



Lee Rott

But does it make cole slaw? Computers shouldn't have to

During a panel discussion at the recent Comdex show, one of the participants voiced what is becoming an oft-repeated concept, that the home computer is going to have to perform many, many functions before it will be embraced by the average consumer.

In order to earn acceptance, they say, the computer is going to have to position itself as nothing short of an electronic Kitchen Magician. Only instead of slicing, dicing and whatever else its kitchen counterpart is capable

of doing, the home computer is going to have to handle word processing, take care of the banking, do the shopping, play games and wake you up in the morning. Then and only then will it win the hearts of millions.

Well I beg to differ. It's not that I don't think that people want or need all of these nifty applications. They do. It's just that I don't think that they either want or need them all in one machine.

The American family is going to computerize. That much is inevitable.

But I don't think they're going to do it with what we now think of as a computer, per se. Computerization is going to come subtly, as more and more everyday appliances themselves become computerized. As microprocessors become more powerful and less expensive, they are going to become as ubiquitous as yesterday's marvel, the quartz clock, which is now found in everything from VCR's to coffee makers to telephones.

It's already happening

For a good example of this in action, we need only look to what's happening with the electronic typewriter. Here's a product that is evolving so rapidly that it appears it will be only a matter of time before there are models on the market with the same capabilities as many word processing programs that must be run on a \$2,000 computer package.

And this dedicated word processing machine will offer a number of advantages over using a computer for the same function.

1. It won't tie up the family's only computer with homework when another family member wants to play games and another wants to shop.

2. The software will be built in, eliminating the selection problem that confronts today's computer buyers.

3. Whatever problems remain with computerphobia will be eliminated. The owner won't think of it as a computer, but rather as a typewriter that just happens to possess incredible capabilities.

What's in store?

In short, dedicated devices are going to become the home computers of the future. Any number of today's appliances could be adapted. And some new ones would undoubtedly be developed.

For example:

- A computerized telephone with a built-in CRT might be the best way to handle banking, use home shopping operations or access videotex services.

- A home/office/student-oriented device could be used to run educational and productivity programs.

- Virtually all appliances could benefit from the inclusion of low-cost microprocessors. We're already seeing the beginning of this trend with refrigerators that monitor themselves and laundry equipment that offers users infinite control over its various functions. There are many more possibilities in this area.

- Finally, I see a return to the dedicated videogame. The device that started it all will reemerge as a more sophisticated unit, an all-around entertainment computer with no pretense of being anything else.

While all of these devices will be dedicated to doing a small range of tasks and doing them well, it is possible that many of them will be communicating. The computerized security system will, for instance, be able to phone for help as needed. And the dishwasher and the washing machine will be able to coordinate their activities so they're not both calling for hot water at the same time.

So in the end, it's not a question of whether the American family will computerize, but of how. And it's my bet that when it happens, it's going to be via a variety of dedicated computers disguised as everyday appliances.

That's just the way people want it. After all, how many families do you know that actually own a Kitchen Magician?

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TELEPHONES & PERSONAL ELECTRONICS CES PRODUCTS

Cellular phone has built-in, hands-free operating function

BENSENVILLE, IL—Mitsubishi International Corp. introduced the model 401 cellular telephone, which the company claims is the first cellular phone with built-in hands-free operation. The unit features a backlit LCD display and a handset volume control, speaker volume control and mute control which are located in the handset.

Status indicators on the LCD display include power on, in use, roaming, lock and lock. The model 401 has 20 keys, including eight function keys, 10-number memory, last number dialing and 16-digit capacity.

The company also unveiled the model 301 unit. It consists of two

elements and associated cabling, which includes the cellular telephone itself and the transceiver.

Other model features include a digital display that can accommodate up to 16 digits for international dialing. Green and yellow lights indicate the status of the telephone; whether it is on, if the horn alert is activated, or if there is no service in a particular area.

The keypad is backlit and raised keys are sealed to prevent dust and moisture from entering. The lock key prevents unauthorized use of the telephone, and the storage key—part of a repertory dialing feature—holds up to 10 16-digit numbers. The



Mitsubishi model 301

numbers can be recalled later by dialing a one-digit access code and punching up the recall key.

The transceiver weighs six lbs., two oz., and the control unit weighs two lbs., two oz.

Mitsubishi Communication Equipment Sales division, 879 Supreme Dr., M. Bensenville, IL 60106.

Olympia unveils 2 typewriter models

SOMERVILLE, NJ—Olympia USA introduced two portable electronic typewriter models, the Orbit P and the Orbit XP. Both are designed for home or office use, the company said.

Both models feature a 100-character electronic daisy wheel print system, 20-character correction memory, three pitch and three line spacing selections, automatic centering, indent, underline and decimal tabulation. Each is equipped with a carrying handle that flips out when needed and a synthetic glass dust cover that snaps on to protect the printer and keyboard. The units weigh about 16 lbs. apiece.

The Orbit XP features a built-in parallel interface port, enabling it to be used with some personal computers. Ten characters per second print speed, bidirectional printing, and a 2K memory (when used with a computer) also are among the XP's features.

Olympia USA, Box 22, M. Somerville, NJ 08876.

Calculator features eight-digit display

WINSTON, CT—The Royal LCB-834 checkbook calculator features an eight digit LCD display with memory in-use, negative and overflow indicators; add-mode automatic decimal setting; three-key independent memory which enters deposits, checks and shows checkbook balances; and date/time display, providing continuous hour/minute display.

The LCB-834 has a split keyboard with the calculator functions on the left and checkbook functions on the right.

It retails for \$18.95.
Royal Business Machines, Inc., 500 Day Hill Road, M. Windsor, CT 06095.



Royal LCB-834

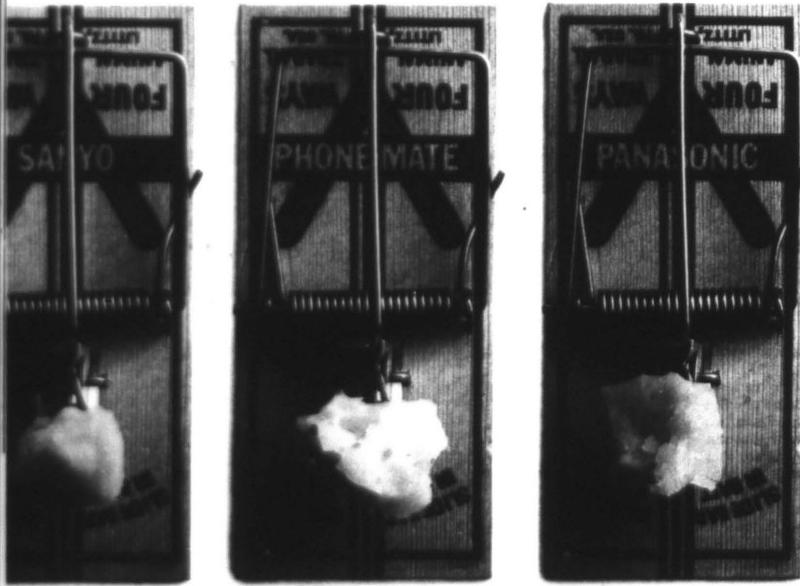
Timer handicaps trivia game players

MUNDELINE, IL—Trivia Timer by Tiger Electronics is a programmable, countdown timer with a large digital display. It can be programmed for one to six players, with each player's time being set differently up to 99 seconds. The programmability allows the player to handicap better players, giving them less time to answer questions. When the timer reaches 10 seconds, an electronic warning sound is heard.

Tiger Electronics, Inc., 909 Orchard, M. Mundeline, IL 60060.



Olympia Orbit XP



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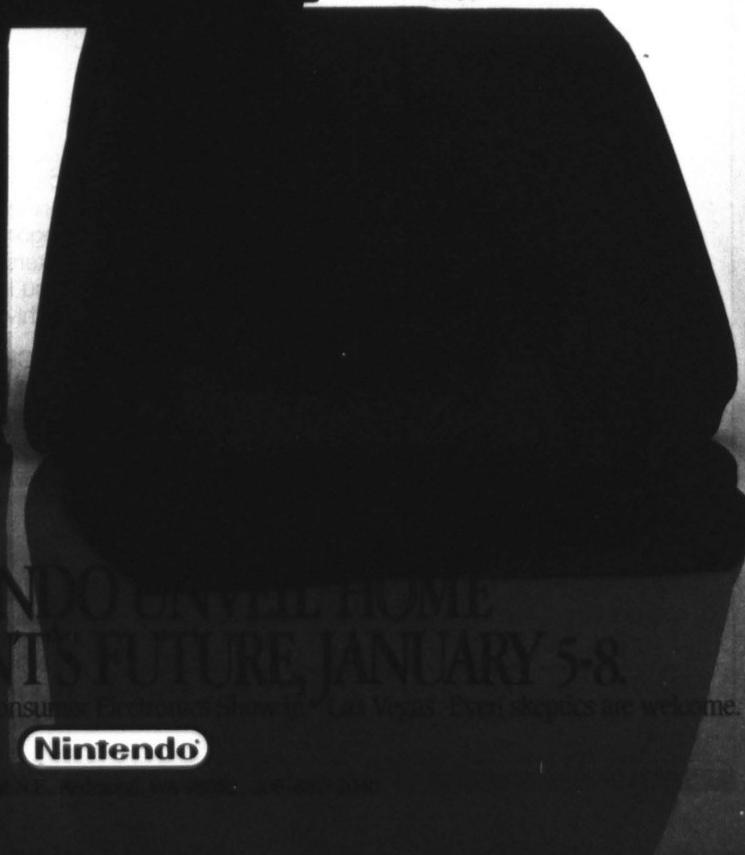
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1981



1985



NINTENDO COMES HOME
ENTERTAINMENT'S FUTURE, JANUARY 5-8.

For more information call the Nintendo Consumer Information Center, Las Vegas. Even skeptics are welcome.

Nintendo

NEWSLINES

VIDEO & AUDIO



N.A.P.'s Johnstone
reorganizes marketing structure

LAS VEGAS—3M/Scotch is definitely not exhibiting at the Winter Consumer Electronics Show here this month, no matter what other tape suppliers are doing, said consumer products marketing director Bob Burnett. "We said we would not be at the show for logistical reasons," said Burnett. "And we are definitely not going to participate. Right now, our plans are to do one show a year."

3M had announced it would not exhibit some months ago, and other tape suppliers followed suit, but many decided later to go to the show and participate in meeting rooms and sound booths, while others are exhibiting on the show floor. BASF marketing manager Larry Rallo said his company will "be there in full force. We were really committed back in August. It just behooves us to be there and have a presence." Maxell, said national sales manager Bob Falco, is going to have a meeting room with some product displays. Fuji will have a hospitality suite, but no exhibit.

Burnett said that his company has no new product to display, and "to go to the show and stick things up on the wall is not a good use of operating capital. If you add up the number of electronics shows on a global basis, there are 17 a year."

KNOXVILLE, TN—N.A.P. Consumer Electronics Corp. is making a number of changes, according to Donald Johnstone, president and chief executive officer of the firm since last October. "N.A.P. will now be more marketing driven and more responsive to consumers' needs. I also plan to make more use of N.A.P.'s worldwide technical and manufacturing strength."

At press time, N.A.P. Consumer Electronics totally reorganized its marketing structure. Marketing has been divided into three major departments: brand sales; color television marketing, and, audio and video equipment marketing.

Johnstone noted that the realignment consolidates the marketing for N.A.P. Consumer Electronics Corp.'s three brands—Magnavox, Philco and Sylvania—into a cohesive marketing operation offering consistency, continuity and overall direction, while reducing the complexities of a multiple-brand organization.

Gary Thorne has been appointed vice president of brand sales. Previously he served as vice president and brand manager for Magnavox. Ronald Marsiglio is now vice president of color TV marketing. He was formerly vice president of product planning, color TV. Louis Slanger has been appointed vice president of audio and video equipment marketing. In his previous position, he served as vice president of product planning.

In addition to the above changes, Ronald Stoltzberg, vice president and brand manager of Sylvania, has resigned. Rick Policicchio, who was previously vice president and general manager of Philco, has been named vice president of the technical products division.

During an interview with *Merchandising*, Johnstone also noted that N.A.P. Consumer Electronics will introduce three playback VCR's during the first quarter of this year. "The models will be geared toward the rental market," he said. One product which Johnstone predicts will really take off in 1985 is stereo TV. "Stereo models will comprise 20 percent of total color TV's sold next year."

INDIANAPOLIS, IN—RCA has divided its consumer electronics group into three parts: Arnold Valencia retains his position as vice president/general manager of the videodisc division while adding the title president of RCA Distribution Corp. Stephen Steppes remains vice president of consumer electronics marketing, and Joseph Donahue is vice president of consumer electronics operations, which includes engineering and manufacturing. All three report to Jack Sauter, group vice president.

LOS ANGELES—With the success of Paramount Home Video's 25 Great Video Gifts Under \$25 program, unit sales of Raiders of the Lost Ark recently passed the one million mark, reported Bob Klingensmith, senior vice president, video distribution. "We had predicted last year when we released Raiders that we would achieve the million mark by the end of 1984. With the 100,000-plus units sold as part of our 25/25 program, we have done so before a full year in distribution of the title," he said.

Raiders' million-unit plateau, the first ever achieved by any title in home video, "is a clear indication that our industry has come of age and that good titles have great sales and sell-through potential," Klingensmith commented. "When the balance of our 25/25 orders are counted, our actual sales will be closer to 1.1-million units."

MIAMI, FL—Avanti is expanding its videotape line with two "premium grade" promotionally priced VHS and Beta blank cassettes, according to Al Cortina, Avanti president. The introduction of the two units was scheduled to coincide with the Winter Consumer Electronics Show this month. Avanti is also replacing its Ultra Low Noise audiocassette with a combination low-noise high-energy cassette, Cortina said.

LOS ANGELES—In an effort to further penetrate the growing VCR market, Playboy Enterprises, Inc. announced at its annual stockholders meeting here that the company will broaden its home video library this year. Based on past sales, president and chief operating officer Christie Hefner said "the appeal of original programming is apparent."

"In 1985 we expect to release nine programs," she said. The Playboy Video Magazine will be expanded. Also scheduled to be released on home video are new Playboy Channel programs and Playboy feature films. All will be supported by extensive marketing campaigns developed by Playboy and CBS/Fox Video, the company's primary distributor.

NEW YORK—Compact disc players continue to go through new generations more quickly than most electronics products. Technics introduced three new units to the press, dealers and reps here recently. Two of the new models replace players in Technics' previous generation.

The SL-P1, the new "basic" CD in the Technics line, replaces the SL-P7. With a suggested retail price of \$400, the new unit, available in silver, features 15-step random access programming and began shipping in late October. The step-up SL-P2 comes in silver or black and has a suggested retail price of \$500. It adds a wireless remote and replaces the SL-P8. Only the SL-P3 is an entirely new model, and it adds a multi-function remote and expanded repeat functions to the lower-priced units' features. The top-of-the-line SL-P3 comes only in black and has a suggested list price of \$600.



Hefner and Hefner
to release more programs

Merchandising COMPUTERS



FLEXIBLE SERVICE LEVELS represent one key to successfully selling home computers, says Roy Cohen, Child World divisional merchandise manager, who spoke at a Comdex seminar.

Price points come down:

Software vendors say 1985 should be strong

By Frank Cavaliere, associate editor

LAS VEGAS—Software companies that specialize in programs for the homes used Comdex/Fall '84 to emphasize that 1985 will be a strong year for their products, particularly those in the educational category.

Those companies that have survived have learned from past mistakes, and are ready to put their knowledge to work, they said.

For one thing, prices have been set at more reasonable levels. Consumers are getting better at evaluating what they buy, and if a program for a low-end home computer is selling for more than \$50, it had better be for a good reason.

The companies have also gotten better at targeting their audiences and making packaging as self-explanatory as possible.

Nevertheless, it's going to take a lot of work to convince consumers that a thin piece of plastic can be worth what the price tag says it is. That looks like a job for the marketing department,

say the vendors. And this looks like the year in which to do it.

At Mindscape, vice president of sales and marketing Richard Mentzinger said most of his company's titles now fall between \$34.95 and \$49.95.

Under \$50 software sells

"In general, we've found that if a program is under \$50 it stands a better chance of moving," he said. "We've been working on our products until now, but we took a look at the industry price points and then made some judgments as to what we'll do this year."

What Mindscape found, according to Mentzinger, was a plethora of software titles at prices that ensured their demise. "I would still say that product is king, and a good product can sell at many different price points. But we as an industry can no longer arbitrarily set prices thinking that the consumer will buy a program just because it's the latest educational product out

there. That kind of thinking is wrong," he continued.

Mindscape is a division of SFN Companies, an elementary and high school textbook publisher. Established in 1983, the company produces

(Continued on page 75)

Industry mired in 'giant rut,' Sculley tells show audience

By Frank Cavaliere, associate editor

LAS VEGAS—In a wide ranging speech that included a bit of praise for his nearest rival and covered the threat of a Japanese computer invasion, Apple president and chief executive officer John Sculley said he is most concerned with the "giant rut" in which the personal computer industry appears to be trapped.

Sculley told Comdex/Fall '84 attendees in his keynote address that a

combination of lack of venture capital, too much emphasis on IBM-compatible machines and the increasing market share of Japanese manufacturers have contributed to the industry's current status.

'Everyone wanted action'

"It is hard to believe that less than two years ago, everyone seemed to want a piece of the action of new high technology companies as we were

(Continued on page 80)

Future printer quality will rival photographs

Computer printers will soon give their users pictures that will be difficult to tell apart from snap shots. To find out when this will take place, turn to page 75.



Comdex '84 reveals array of portables

Manufacturers displaying their wares in Las Vegas unveiled lightweight, portable computers that can be easily carried. Read all about these new units on page 76.

Peripherals share spotlight at Comdex

Vendors also showed a variety of computer accessories during Comdex/Fall '84. For a look at the latest product introductions from the industry's leading trade show, see page 78.

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JANUAR

Printer quality should soon rival photographs

By Frank Cavaliere, associate editor

TOKYO—By 1986 consumers will be enjoying superior reproduction from their computer printers, with quality improved to such an extent that they might have difficulty distinguishing between a color photograph and an ink-jet facsimile.

This prediction was among several made by Epson Corp. executives during a recent editors' tour. As part of the program, the Epson personnel detailed some of the firm's future directions with computer printers, liquid crystal display technology and portable computers, indicating that these are three areas which will change significantly during the rest of the decade.

Senior managing director and representative director Susumu Aizawa said the printer market will eventually be dominated by ink-jet, thermal transfer and optical printers, none of which can handle all printing requirements right now.

According to Aizawa, it will probably take five years before ink-jet printers are capable of competing with optical models in terms of speed. And it will probably take just as long to develop a color printer for personal computers that will use optical printing.

What this means at the retail end is that the current crop of printers will be replaced by faster, higher-quality machines before 1990. Aizawa also stated that he expected the prices to come down below \$1,000, which would put the printers into the fringe of the mass market.

"I think printing color graphics on the personal computer will become more popular as the software becomes available. We'll probably see widespread distribution of low-cost

he pointed out.

This problem on the vendor level leads to similar difficulties for printer customers, he continued. "For the end user it is also becoming very difficult and troublesome to select a printer which is best for his personal computer."

Thin as attache case'

Computers will also be in quite a change in appearance in the near future, according to Aizawa. "The personal computer we all dream of

will be no bigger than a slim attache case, with a 12-in. or larger panel springing into view as the lid is opened," he said.

Consumers will be able to choose between the conventional CRT and flat panel LCD displays, Aizawa stated. The flat panel displays will have equivalent resolution at the same size and price of the CRT.

Research manager Shinji Morozumi said either the 200-by-640 or the 400-by-640 LCD with 2,000 characters will become standard, and will be-

come widely used for portable or hand-held computers.

Meanwhile, "CRT's will probably become bigger and slimmer, and offer faster response and higher resolution," said Aizawa, who contended that CRT's will not give way to flat LCD's until the 1990's.

In summation, Aizawa said, "The production of the new products calls for huge investments in research and facilities, but the development of advanced technology will create novel possibilities."

Stable prices will key software turnaround

(Continued from page 74)

four lines of what it calls educational/entertaining home computer software. Sprout products are for children aged four through eight; Pixelworks, for children eight and older; Alert, for teenagers and adults, and Folio, a line of productivity software.

Menzinger said Mindscape does not want to be "all things to all people," and has limited its product offerings to reflect that belief.

Looking at the overall market, "There is a lack of creative software, considering the size of the market," he stated. "There is a demonstrated need for a long-life, dynamic type of product that catches the fancy of the consumer."

But the price still has to be right, he stressed. "Where is the right price point? I don't know yet. Developmental costs are tremendous, so we can't bring prices down overnight," Menzinger added.

At Prentice-Hall, product manager Greg Doench was busy touting his firm's commitment to the educational marketplace with Skiwriter II, a telecommunications package which was being adapted for the IBM PC, PCjr and Commodore 64.

Doench said 1985 will look a lot like last year, with the software publisher having better success moving most of its product line because of smarter pricing strategies. "I think \$39 is our magic price point for educational games. You can't go beyond that and generate enough sales," he said.

Doench predicted that software prices will drop as much as 30 to 50 percent this year. "Market research tells us that a typical software customer will spend only from \$100 to \$200 per year on software, which is not a lot when you compare it to other types of consumer electronics spending," he said. "The customer has to be convinced to pay \$40 for a floppy disk."

Need more software sales

One of the problems confronting manufacturers like Prentice-Hall is the relative weakness of home software penetration. Not enough is being sold to bring prices down, according to Doench.

He maintained that no vendor can sell half a million copies of the same title, enough to make up in volume what he lacks in margin. And software firms face stiff competition with every new product introduction.

"It's basic economics: supply and demand. We can't sell 500,000 units, as in the videogame craze. So we have to create a product that will give a retailer a good profit."

Another difficulty is the constant struggle for shelf space, Doench

added. Even if a vendor believes his software program is the right title at the right price, the retailer could still not have room for it.

Also, "Manufacturers have to realize that software should be self-explanatory. If we can't fit all the necessary information on the back of the box, then it's pointless to expect the retailer to have to explain the program to the people," Doench pointed out.

The issue here is that the consumer has been taught to evaluate the computer hardware. What is going to happen in 1985 is that this same person will learn to see the value in software more clearly. And as he does, the prices will come down as the quality goes up," he concluded.

Hayden expands line

Hayden Software's Comdex booth heralded the firm's commitment to software for Apple's Macintosh. The move into upper-end home/office computers was a change for the Lowell, MA, company. Vice president of sales and marketing Bruce Twicker said the firm's previous promotions pushing game software at \$9.95 was basically a way to get Hayden's name entrenched within the industry.

"We got heavily into the Mac because of what we want to be, which is a major software publisher for the Macintosh. In terms of volume, we'll be in the top three," he said.

Twicker said the majority of Hayden's titles sell below \$39. "For sure, \$49 is a cutting off point, and the program has to be exceptional to sell above \$39." For this year, he predicted Hayden will double its sales of Apple and Commodore-compatible products, and triple sales overall.

He predicted software prices will remain stable, for a simple reason: "If something is a good program, there's no incentive to lower price points because people will want it anyway. And if it's not being sold, lowering prices won't help it."

For low-end computers an under-\$60 price point is fine for software, but the ticket can be increased if the program offers sustained value, said another Comdex attendee, Meca's vice president of sales Garner Lester.

"We were trying to sell BASIC Building Blocks at \$79, and we can charge \$195 for a personal productivity program such as Managing Your Money," said Lester. The titles are two recent Meca releases.

But he did not say if the two programs would sell strongly at those price points. "I have no basis to predict what will happen in 1985," he said.

One person who was a little more



UNDER-\$60 PRICE POINT for low-end computer software should be adhered to, according to Garner Lester, Meca's newly appointed vice president of sales.

definite in her predictions was Deb Goddard, an employee at Baudville, a small software company headquartered in Grand Rapids, MI.

"Publishers just can't go above \$35 for Commodore 64 stuff. The Commodore people themselves told us not to go over \$39," said Goddard, who added that the advice proved to be correct. The company's highest Apple II line software is priced at \$60, but she said most of the titles average \$50 at retail.

"I can't say if software prices will go down in 1985," Goddard remarked, "but it will be interesting to see what happens."

Apple starts Press with textbook firm

CUPERTINO, CA—Apple computer announced a plan that the company hopes will improve the distribution of existing and future Apple manuals and encourage the development of computer books and training materials.

Named the Apple Press, the new program will increase the availability of Apple manuals by taking advantage of Addison-Wesley's existing marketing resources and distribution channels, the company said.

All products developed under the Apple Press will be sold through the participating book publishers' regular distribution channels. Authorized Apple dealers will be able to order Apple Press products from the publishers.



OUTSTANDING GRAPHICS will be a hallmark of future printer generations, as this example from a prototype Epson printer illustrates.

color plotters for personal computers in 1985," he commented.

Aizawa did not say whether Epson would introduce such products this year.

General manager of printer development Masahiko Mori said that the biggest problem confronting printer manufacturers is the lack of uniform standards.

"Software vendors are suffering from the fact that an increasing volume of the memory capacity for printers cannot interface with the various types of available printers,"

MERCHANDISING COMPUTERS

Vendors state portable computers will be strong category in 1980's

By Frank Cavaliere, associate editor

LAS VEGAS—Hardware introductions at Comdex/Fall '84 were few, with vendor laments of "nothing new" heard through the six separate exhibition halls. Many manufacturers concentrated instead on promoting what was already available. Or, in some cases, showing new uses and add-on capabilities for entrenched machines.

But all was not variations on past themes. Retailers who say the computer market needs an infusion of

moderately priced, user friendly units to spur sales were relieved to see briefcase-sized machines with full display screens unveiled by Data General, Texas Instruments and others.

For the most part, these models are smaller, lighter and easier to carry than their predecessors. And they provide at least a hint of the future, illustrating that the new generation of portables can make computing more convenient without sacrificing keyboard functions, storage capability or

other features of full-sized desktop computers.

Most manufacturers said these "personal portables" will be a strong growth area for the rest of the decade, with prices coming down as the years roll by. Nevertheless, the portables kept a low profile here. Many vendors are still hurting from sales that are slower than what some industry analysts had predicted. In fact, one of the most promising makers, the Gavilan Computer Co., recently filed for protection under Chapter 11.

But optimism was evident at several booths. Texas Instruments showed the Pro-Lite, a unit with a 25-line liquid crystal display screen that sells for a suggested \$2,995. A company spokesman said it will compete against similar products introduced by the Hewlett-Packard Corp. and Data General.

More to the mass market area, NEC unveiled the Starlet, a portable battery-operated computer with a 64K memory, 16-line LCD screen, built-in 300-baud modem and phone cable. The unit will sell for \$999, said Tom Priestley, general manager.

"It can be a mass market item because it's easy to use. You don't have to be a rocket scientist," said NEC advisor Dennis Roose, of Brook Marketing, Inc. He said delivery began during the first week of December to NEC's distribution network of computer specialty stores, but com-

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PERSONAL PORTABLES such as the NEC Starlet will provide users with unparalleled combinations of power and compactness, according to manufacturers.

pany officials had not decided whether to try to place the Starlet in other outlets, such as upper-end department stores.

The central appeal of the unit is that it's a portable with desktop features, according to Roose. The potential market includes students, businessmen, journalists and anyone who does significant plane travel.

"Many of these people will probably already be users of a computer, like the Apple II series, and have found computing to be useful. So now they can leave their Apple or whatever at home and use the PC-8401A when they travel," he explained.

The Starlet is a direct competitor with Epson's Geneva portable, Roose said, adding that NEC expects the Starlet to be the first in what may become a line of family portable models.

He cited statistics saying that portable computers had only a two percent market penetration in 1984, but that by 1988 the figure will have jumped to eight percent, adding, "There is a large growth opportunity here for portables."

Coleco appoints Kahn executive vp of toys

WEST HARTFORD, CT—Coleco has announced the promotion of Alfred Kahn to executive vice president of toys. In his new position Kahn will oversee the activities of the licensing, merchandising, promotion and market research departments reporting to him. Kahn joined Coleco in 1977 and has served in a variety of marketing positions. Prior to his most recent appointment, he served as executive vice president of marketing.


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NEWSLINES COM- PUTERS



Apple production hits all-time high



Bush names Schaeffer executive v.p.

SANTA CLARA, CA—Paladin and VisiCorp plan to merge. The two firms, based in Santa Clara and San Jose, CA, respectively, recently issued a release stating that they have signed a letter of intent to merge through an exchange of stock.

The new company will be named the Paladin Software Corp., and will focus on developing and marketing personal computer software, including certain VisiCorp products for the business market. The firm will be based in San Jose.

Paladin, founded in 1983, develops office productivity software. VisiCorp, which introduced the first spreadsheet program, called VisiCalc, was founded in 1978.

ARMONK, NY—Keystone Distributing Co. claims that 99/4A products are selling well. The firm reported that sales of products relating to the ill-fated Texas Instruments' home computer are moving along quite nicely.

"Families buying their first home computer still recognize the great value of TI-99/4A peripherals and software," said Jerald Greenberg, president of Medcomp Technologies, the parent company of Keystone. "People who bought their home computer in last year's Christmas rush are now starting to expand their systems, and there is still strong demand for TI's latest software releases and some of the old bestsellers as well."

Keystone's TI inventory is valued at over \$8 million, the company said. It includes home computers, PAK 4000's, 32K memory card and software titles. Anyone trying to locate Texas Instruments home computer products can call 800/343-9030 for information.

LAS VEGAS—Two million Apple II personal computers have been produced. So said the Cupertino, CA-based company at November's Comdex show. According to a company spokesman, sales and production levels of the firm's mainstay computer line are at all-time high levels. The landmark was achieved by Apple's Carrollton, TX manufacturing plant.

The first Apple II was introduced in May, 1977, with 15 revisions since that date. The last introduction into the II series was the Apple IIc, which was unveiled in April of last year. Apple says there are now over 10,000 software programs available for the II and IIc units, and more than 800 software developers are currently writing new applications.

In another development, Apple products will be marketed in several countries in Central and South America by subsidiaries of the Xerox Corp. The three-year agreement calls for Xerox to distribute all Apple products through authorized dealers and the Xerox network of sales offices and service centers.

Under the agreement, Xerox will distribute Apple products in 15 countries by the end of this year. The countries are Belize, Bolivia, Costa Rica, Ecuador, El Salvador, French Guiana, Guatemala, Guyana, Honduras, Nicaragua, Panama, Paraguay, Suriname, Uruguay and Venezuela. This year distribution will also begin in Argentina, Chile and Peru.

Apple products are currently marketed in Central and South America by independent distributors, who supply authorized dealerships with Apple products. Under the agreement, Xerox will be available to support authorized dealers through its distribution and service networks.

NEW YORK—Buildup in personal computers, breakup in AT&T combine to double the connector market by 1988. The connectors, linkages between electronic devices, will become increasingly popular as more people enter the computer age, according to a recent report by Frost & Sullivan, Inc., a market research firm based here. The study says the market will jump from the \$3 billion in total connector sales recorded last year to \$5.9 billion in 1988.

"The personal computer is providing the high-grade fuel for the rapidly expanding areas of information systems, office automation and factory automation," the study noted.

LOS ANGELES—XXCAL creates new computer division. Marvin Hoffman, president and co-founder, recently announced that XXCAL's consumer products division will research and develop peripheral and accessory products for home computers. The division will be headed by Steve Kotieba, with William Byles handling new product development.

The division will carry products through the prototype stage and then license them, under royalty, to major computer industry marketers.

"Our new division will focus its efforts on developing products which will extend the functionality of personal computers," Hoffman stated. "We will concentrate our skills on high tech improvements in areas like image digitizing, optical scanning, laserdisc technology and videotape interfacing."

MANAGEMENT MOVES—Hayden Software has added Mary Fenton to the position of director of professional products. The Lowell, MA-based firm also appointed Alan Jacobs product manager, educational software and Ricki Pappo assistant to Jacobs. Hayden promoted Bruce Twickler to senior vice president, James Patterson to vice president of sales and Richard Leslie to vice president of operations...James Woodworth has been named national sales manager for CompuSonics. Prior to joining CompuSonics, Woodworth was national sales manager at Studor Revox America...Simon & Schuster's electronic publishing group appointed Claudia Stone to the newly created position of publicity manager...William Schaeffer has been promoted to executive vice president of marketing and sales for Bush Industries, maker of computer furniture. In addition, Harold Andersen has joined Bush as executive vice president of corporate operations. Andersen previously served as vice president and officer of the Blackstone Corp., an automotive firm.

ATLANTA, GA—Management Science America, Inc. (MSA), acquired DesignWare Inc., a San Francisco based supplier of educational software for microcomputers. MSA has acquired all of the outstanding stock of DesignWare in exchange for \$2 million in cash.

John P. Imley, Jr., chairman of the board and chief executive officer of MSA, said DesignWare's products will be handled through MSA's Peachtree Division, which had revenues of \$21.7 million in 1983 and \$9.4 million in 1982, as well as through DesignWare's established network of national and regional distributors and retailers. The products will continue to be marketed under the DesignWare name.

DesignWare's products are the first Peachtree education products available for the Commodore 64 computer, which represents the largest installed base of home computers. Peachtree also offers its Back to Basics Accounting System for the Commodore 64.

MERCHANDISING COMPUTERS

Comdex intros are big on function, low in cost

With prices falling and capabilities climbing, the new breed of computer peripherals and accessories on display at Comdex/Fall '84 were a most attractive lot.

Among the products on view were a range of new printers hitting virtually every configuration and price point. One just-unveiled plotter functions like a robot mouse, drawing as it moves itself across the paper. The latest in monitors are designed to make everything from charts to texts to games look their best. And there was even a modem, made to allow both the computer and its master to use the phone at the same time.

But perhaps the best news for retailers is that vendors are bringing the prices down, putting the computer add-ons in reach of more and more people. Many of them may well be among the group that got a computer for Christmas—and will soon be in the market to start beefing it up.

For a look at what's now available, for them and for you, read on.

—Lee Rath

1. CITIZEN. A dot matrix printer with a suggested list price of \$699, model MSP-20 is an 80-column unit capable of printing 200 characters per second. It features a low-profile design, low-noise operation, correspondence quality and graphics modes and a push tractor paper feed. Printing is bi-directional in a text mode and uni-directional in graphics.

Citizen America Corp., 2425 Colorado Ave., M, Santa Monica, CA 90404.

2. OKIDATA. A personal printer with a \$268 suggested retail price that offers full-color printing, the Okimate 20 is a thermal transfer unit with a 24-element print head that can produce more than 100 shades. The 80-column printer offers an 80-character-per-second utility speed and 40-characters-per-second letter-quality speed. It is fully compatible with IBM products and compatibles. Weighing 6.2 lbs., the Okimate 20 uses an easy-loading cartridge ribbon.

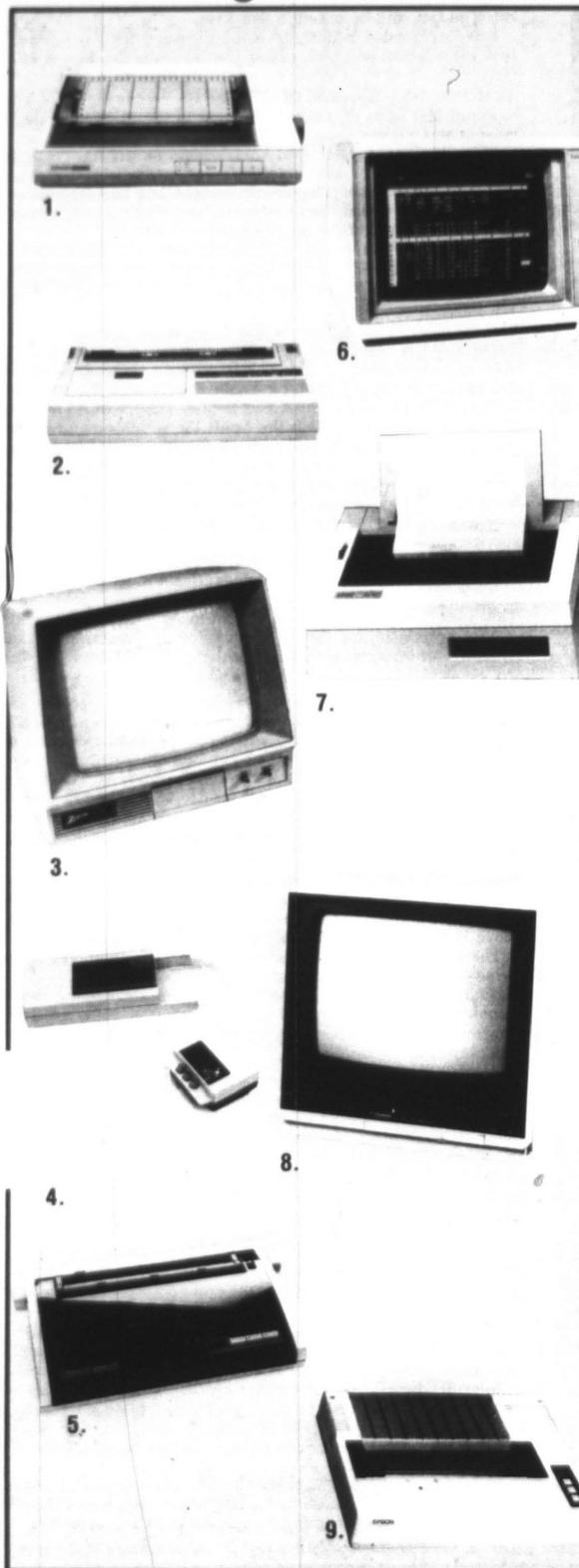
Okidata, 532 Fellowship Road, M, Mt. Laurel, NJ 08054.

3. ZENITH. Made to be affordable for the home market, model ZVM-130 is a composite color/sound monitor with a suggested list price of around \$300. The unit features a 13-in. diagonal screen with a 25-line by 40-character display and incorporates both composite and chroma-luma interfaces for nearly universal computer compatibility.

Zenith Data Systems, 1000 Milwaukee Ave., M, Glenview, IL 60025.

4. AXIOM. The Penman is a unique three-pen plotting vehicle that propels itself over any size paper up to three ft. by three ft. to produce high-quality multi-color graphics by any computer with an RS232 serial interface. The unit carries a suggested retail price of \$399.

The robot plotting device, just over four in. sq., is placed on the paper by hand. It then aligns itself with the paper edges before it begins plotting.



The Penman plots smooth lines at all angles. Perfect arcs and circles are drawn at full plotting speed. And the built-in character set can be used for text down to one mm in height, maker pointed out.

Axiom, 1014 Griswold Ave., M, San Fernando, CA 91340.

5. ALPHACOM. The Alphapro 101 is a full-featured daisy wheel printer designed for use with popular personal computers. Working at a speed of 20 characters per second, it uses standard Qume-compatible print wheels and ribbon cartridges and employs an intelligent printer cartridge to adapt it to most computers, including those with Centronics ports. It also comes with a one-year warranty. The \$399.95 suggested retail price includes a ribbon cartridge and print wheel. Printer cartridges with connecting cables sell for \$49.95 or \$69.95, depending on the computer.

Alphacom, Inc., 2323 S. Bascom Ave., M, Campbell, CA 95008.

6. PANASONIC. Two new 12-in. monochrome computer displays feature direct etched faceplates to minimize glare while producing sharp, high-resolution displays. Model TR-122MYP (suggested retail price \$259) offers long persistence yellow phosphor and model TR-122M9P (\$249) offers long persistence P39 green phosphor. Each produces 89 characters by 25 lines data or graphic displays and is fully compatible with the IBM Monochrome Adaptor for the PC.

Panasonic Industrial Co., Computer Products Division, One Panasonic Way, M, Secaucus, NJ 07094.

7. STAR MICRONICS. This company's new top-of-the-line printer, model SB-10, is a letter-quality dot matrix model capable of producing high-resolution graphics in conjunction with text. Text can be produced at two speed and quality settings: letter quality at 50 characters per second and draft quality at 120 characters per second. Compatible with most brands of computers, the SB-10 carries a suggested list price of \$995.

Star Micronics, Inc., 200 Park Ave., M, New York, NY 10166.

8. TEKNIKA. A 13-in. color monitor with the added benefits of higher resolution separated video and built-in audio capability, model MJ-10 carries a suggested retail price of \$299. The unit is designed to take advantage of the separated video capabilities of the Atari 800, 800XL and Commodore 64 computers, yet can be used with most other popular personal computers.

Teknika Electronics Corp., 353 Rt. 46 W., M, Fairfield, NJ 07470.

9. EPSON. The FX-80+ printer is an enhanced version of the original FX-80, yet carries the same suggested list price of \$569. Enhancements include a SelectType feature, the ability to accept LetterType (NLQ) boards and the ability to accept an optional single bin cut sheet feeder. Otherwise, the product is an 80-column, high-performance, bi-directional dot matrix printer.

Epson America Inc., 3415 Kashia St., M, Torrance, CA 90505.



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MERCHANDISING COMPUTERS / NEW RELEASES

COMPUTERS

GAMES

CHAMPIONSHIP LODGE RUNNER, Broderbund. Apple II series and Commodore 64-compatible. Available first quarter 1985. Suggested retail \$34.95.

CYBORG, Broderbund. Apple Macintosh-compatible. Available first quarter 1985. Suggested retail \$39.95.

HOSTBUSTERS, THE COMPUTER GAME, Activision. Commodore 64-compatible. Available now.

THE HITCHHIKER'S GUIDE TO THE GALAXY, Infocom. Apple II series. Atari 400 XL, 800 XL, Commodore 64- and Commodore Plus 4-compatible. Available now. Suggested retail \$39.95 for Apple II series and Commodore Plus 4 versions; \$34.95 for Commodore 64 and Atari 400 XL and 800 XL versions.



KARATEKA, Broderbund. Apple II series and Commodore 64-compatible. Available first quarter 1985. Suggested retail \$34.95.

MINDSHADOW, Activision. Apple II series-compatible. Available now.

PITFALL II: LOST CAVERNS, Activision. Apple II series-compatible. Available now.

SPACE SHUTTLE: A JOURNEY INTO SPACE, Activision. Apple II series-compatible. Available now.

TELECHESS, Brainworks. Apple II series-compatible. Available now. Suggested retail \$69.95.

TORPEDO RUN, Brainworks. IBM PC-compatible. Available now. Suggested retail \$39.95.

THE TRACER SANCTION, Activision. Apple II series-compatible. Available now.

WAR GAMES, Coleco. Commodore 64- and Atari series-compatible. Available now.

LEARNING

ADVENTURES IN COLORLAND: SPACE SAGAS, Hayden. Commodore 64-, Apple II series-and IBM PCjr-compatible. Available now. Suggested retail \$29.95.

ADVENTURES IN KNOWLEDGE, Grolier. Apple II series-compatible. Available now. Suggested retail \$39.95.

DAZZLE DRAW, Broderbund. Apple IIc- and IIe-compatible. Available now. Suggested retail \$59.95.

THE DESIGNER'S PENCIL, Activision. Commodore 64-compatible. Available now. Suggested retail \$31.95 on disk.

EASY AS ABC, Springboard. Apple II series. Commodore 64-, IBM PC-

and PCjr-compatible. Available now. Suggested retail \$39.95.

HISTORY FLASH, Orbyte. Commodore 64-, Apple IIe- and II-compatible. Available now. Suggested retail \$29.95.

HOW TO PROGRAM IN BASIC, Hayden. Commodore 64- and Apple II series-compatible. Available now. Suggested retail \$29.95.

JIGSAW JOGGLE, Orbyte. Commodore 64-, Apple IIe-, II-compatible. Available now. Suggested retail \$29.95.

MAS PARADE, Springboard. Apple II series-, Commodore 64-, IBM PC- and PCjr-compatible. Available now. Suggested retail \$39.95.

MONKEYBUILDER, Artworx. Atari series- and Commodore 64-compatible. Available now. Suggested retail \$24.95 on disk format only.

MONKEYNEWS, Artworx. Atari series- and Commodore 64-compatible. Available now. Suggested retail \$24.95 on disk format only.

THE OBSERVATORY, Lightspeed. Apple II series-compatible. Available now. Suggested retail \$125.

PUZZLE MASTER, Springboard. Apple II series. Commodore 64- and IBM PCjr-compatible. Available now. Suggested retail \$34.95.

RAINBOW PAINTER, Springboard. Apple II series. Commodore 64- and IBM PCjr-compatible. Available now. Suggested retail \$69.95.

STICKERS, Springboard. Apple II series-. Commodore 64-, IBM PC- and PCjr-compatible. Available now. Suggested retail \$34.95.

TELLY TURTLE, Hayden. Commodore 64- and Atari series-

compatible. Available now. Suggested retail \$29.95.

PERSONAL FINANCE

HOME POWER, Grolier. Apple II series-compatible. Available now. Suggested retail \$39.95.

MACFINANCE, Superex. Apple Macintosh-compatible. Available now. Suggested retail \$99.95.

PERSONAL PLANNER, CPAids. Apple II- and IBM PC-compatible. Available now. Suggested retail \$49.



PRACTICALC II, Practicorp. Apple IIc-compatible. Available now. Suggested retail \$69.95.

RAGS TO RICHES, Chang Labs. Apple IIc- and Macintosh-compatible. Available first quarter 1985.

SKIWRITER II, Prentice-Hall. IBM PC- and PCjr-compatible. Available now. Suggested retail \$99.

American companies lack innovation: Sculley

(Continued from page 74)
starting to shape the future of the personal computer industry," Sculley said.

In acknowledging his relatively brief experience in the computer field (Sculley joined Apple one and a half years ago from PepsiCo), he said he thinks the industry is the most exciting place in the world right now, but is troubled that not everyone shares his belief.

"I find it a real paradox that the investor community, at least for the moment, has turned away from the world's most exciting growth industry," he told his audience.

And accusing American companies of lacking the daring to introduce innovative products, he said it's not clear whether they are ready to show the same level of innovation in micro computers and peripherals that they demonstrated when they created the mini computer market.

Sculley said another reason why the industry is in a rut is because many firms are not emphasizing research and development. "The result is that it is becoming harder and harder to figure out where a lot of these companies are going," he said.

Further reason why I believe the personal computer industry is in a rut is that the shakeout that started with personal computer hardware vendors just over a year ago has now extended to include software companies, peripheral products companies and personal computer dealers," he added.

Technology fire sale

Sculley's reputation as a marketing-oriented executive led him to comment on overseas competition.

particularly from the Japanese.

"I can assure you that it did not escape my notice that every single consumer electronics industry created by American electronics firms in this country in the past 15 years has been successfully taken over by Japanese companies," he said. "To put it bluntly, we have had a fire sale on our high technology, so while American industry focused on innovation in the laboratories, Japanese companies put their emphasis on innovation on the production floor."

The answer in successfully competing lies in constant innovation and a deeper commitment to advertising, according to the Apple chief.

'We must innovate'

"We must continue to innovate with new software advances inside our computers, with the dual motivation of making better computers and keeping the target moving so it is harder for Japanese companies to imitate our best products," he told the audience.

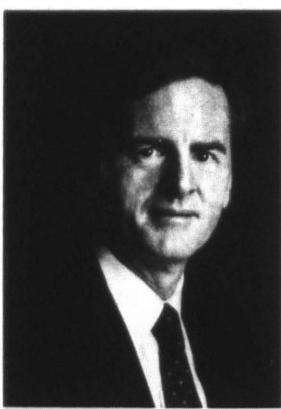
In addition, American companies have to outspend their counterparts in getting their message across to the public, Sculley contended. Pointing out that Japanese companies support their products with relatively low advertising expenditures, he said "it was no accident" that Apple raised its spending levels in U.S. advertising to \$100 million for 1984.

He also noted, "We know that we must build perhaps two to three generations of factories to be as good as the Japanese will be three to four years from now. It should be obvious from the lessons learned by U.S. automobile manufacturers and U.S.

steel companies that lagging in manufacturing technology can have a major consequence in one's ability to be competitive in the marketplace."

Sculley repeatedly decried what he termed the lack of innovation within the industry. "Industries that are still young have the opportunity to shape their future by defining new markets," he said.

"Some outside observers of the personal computer industry worry that we have reached saturation and, in fact, the industry may be topping out," Sculley said. "I believe this perspective is myopic because it looks



A DEEPER COMMITMENT to advertising is one of the ways U.S. firms can more effectively compete against the Japanese, says Apple's John Sculley.

at the industry in terms of addressing existing segments rather than creating new ones."

Innovation must be made a higher priority, he stressed. "Trying to lock in on standards at the operating system level before we have clearly defined product concepts at the user level would be like the automobile industry trying to lock in on standards back in 1915 before the introduction of the automatic transmission, the electric starter or before Henry Ford even conceived of mass production."

Sculley also found time to praise IBM, while clearly indicating that he is not awed by the task of competing with it. "I believe IBM is the best managed traditional corporation in the world," he said.

Nevertheless, its concentration on selling to the market of "computer experts" leaves a substantial niche for other companies to fill, Sculley said. "The biggest market for cars isn't the automobile aficionado but rather people who want the flexibility to personally move around."

"Why then should we limit the opportunity to personally move information around to just the 'computer experts'?" he asked. "Why can't the rest of us learn how to drive our own computer like we drive our own automobile?"

"I for one believe that product innovation has only just begun to define the products of the personal information revolution," Sculley said. "Having come from an industry which was competitive, I can tell you that we have not scratched the surface in terms of what marketing and merchandising efforts can do to build strong dealer businesses."

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Modular models join Bush's new computer furniture line

LITTLE VALLEY, NY—Bush has expanded its line of computer furniture with the addition of the "Home Base" modular units. The products include the full-size desk (CT-130), the roll-about table (CT-120), the hutch (CTA-131) and the monitor platform (CT-132). The pieces can be combined in different configurations, providing flexibility in the storage and use of computers, peripherals and accessories.

The desk holds a video monitor, keyboard, cassette or disk drive and printer. The lockable software security cabinet beneath the top protects floppy disk programs, tapes and cartridges. The 44-in. wide work surface has a rear mounted safety retainer edge. Wire harness clips are attached to the back to corral equip-

ment cords. The suggested retail price is \$169.95.

The hutch features an 11½-in. deep top book shelf, and is arranged with a monitor shelf that can be located on either the left or right side to hold up to a 13-in. monitor and two storage shelves. Unit measures 33 in. high by 45 in. wide by 11½ in. deep, and retails for \$99.95.

The roll-about table can serve as a printer table when used with the full-sized desk. The table measures 28 in. high by 19 in. wide by 14 in. deep and sells for \$89.95.

The video monitor platform can be used on either the roll-about table or the desk to form a self-contained computer center. The unit measures 6½ in. high by 19 in. wide by 11½ in. deep and can hold up to a 13-in.



Bush CT 130 and CTA 131

monitor or TV. It retails for \$18.95.

Bush Industries, Inc., 312 Fair Oak St., M, Little Valley, NY 14755.

Suncom introduces new graphics table

WHEELING, IL—Animation Station, the new graphics table, comes with printer/dump and built-in character set features. Without having to buy extra software or accessories, users can perform a variety of entertainment, education and business functions with the graphics tablet and computer cursor controller, the firm said. Unit is available for the Apple II series and the Commodore 64.

By connecting the unit to a printer, users can make copies of whatever they've drawn on their screen. Included free with Animation Station is the DesignLab software program from Baudville. Similar to Apple's Mac Paint, DesignLab has a built-in cut-and-paste feature which allows the

user to electronically reposition elements on the screen.

Unit's design features side-mounted, dual left- and right-hand function buttons and a joystick emulator. Its suggested retail price is \$89.95 for the Apple version and \$79.95 for the Commodore version.

Suncom, 260 Holbrook Drive, M. Wheeling, IL 60090.



Suncom Animation Station



BMC JJ 1202 G monitor

Monitor features high resolution tube

HUNTINGTON BEACH, CA—The BMC model JJ 1202 G high resolution monitor is the latest introduction to the company's line. The unit has a 12-in. diagonal 90 degree deflection picture tube with a green non-glare high resolution screen. It features 80 characters per line and 25 lines per display.

The 1202 G controls include LED power indicator, power switch, contrast, brightness, vertical hold, horizontal hold, height and vertical linearity. Unit measures 12.1 in. wide by 12.2 in. high by 12.9 in. deep. The product comes with a built-in carrying handle and carries a 90-day parts and labor warranty.

BMC USA, 16830 S. Avalon Blvd., M, Carson, CA 90746.

Processor makes systems accessible

LAKEVILLE, MN—The Viking T-3960 data and word processing station makes computer systems more accessible and convenient, firm claims. The unit features an adjustable keyboard tray. Operators adjust their detachable keyboard to the most comfortable height. The tray goes as high as 29 in. and as low as 26 in.

The unit's tray tilts as much as 15 degrees and can be ordered on the desk's left or right side or centered. A storage module with a swing-open door is optional. It has four adjustable shelves, plus vertical space for books and binders. The table fits with any of the company's modular, add-on computer workstations. Or it can be purchased as a stand-alone station in widths of 30, 36, 48, 60 and 72 in.

Viking Acoustical Corp., Airlake Industrial Park, M, Lakeville, MN 55044.



Viking T-3960

Portable unit has built-in software

ELK GROVE VILLAGE, IL—NEC Home Electronics introduced the Starlet PC-8401-A portable computer with 64K RAM, built-in business software and modem, a 16-line by 80-column LCD with optional CRT/disk adaptor and floppy disk drive.

The LCD display has full cursor addressing, upper and lower case letters and Greek and graphic characters. The unit weighs 4.7 lbs. and measures eight by 12 by 2½ inches. The LCD display closes flat and in the closed position doubles as a keyboard cover, the company noted. The PC-8401-A sells for under \$1,000.

NEC Home Electronics (U.S.A.), Inc., 1401 Estes Ave., M, Elk Grove Village, IL 60007.



NEC PC-8401-A

Puck pointer combines mouse, joystick functions

OAKLAND, CA—The Puck pointer combines the functions of a mouse and a joystick in a package three-in-square and half-in. thick. Product is designed to fit into standard keyboard, using a coil spring which resists vertical motion while the device is tracking horizontally. The automatic tracking feature can be deactivated by pressing down on the Puck pointer's handle.

The firm said the pointing device is intended to remove the errors and frustration experienced by computer users trying to position a cursor accurately within a line of text or a diagram on the screen.

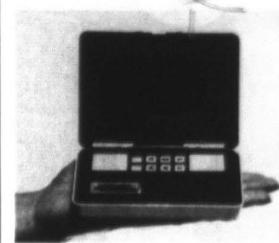
KA Design Group, 6300 Telegraph Ave., M, Oakland, CA 94609.

SuperMicro takes range of cartridges

SAN JOSE, CA—SuperMicro is billed by HomeComputer Software as the world's first pocket-sized computer that features interchangeable game cartridges. The unit combines liquid crystal display and twin microprocessor technology, making it possible for the unit to offer multiple skill levels and game variations that challenge beginners and experts of all ages, company claimed.

The first games available for the unit include ReactAttack, Outflank and Aladdin's Adventures. The unit comes with a snap-on light, allowing SuperMicro to be used day or night. Package including console, one game cartridge and light retails for \$89.95. Additional cartridges retail for \$14.95.

HomeComputer Software, Inc., 1035 Saratoga-Sunnyvale Rd., Suite 8, M, San Jose, CA 95129.



HomeComputer SuperMicro

Case accommodates Apple computers

WARREN, RI—American Tourister has expanded its line of portable computer carrying cases to include a soft-sided case customized to fit the Apple Macintosh computer.

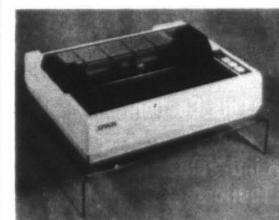
The case, made of foam laminated Cordura nylon, has foam-padded partitions which secure the computer and its accessories in place. A hard floor has been built into the case to support the unit. The case retails for \$89.

American Tourister, Inc., 91 Main St., M, Warren, RI 02885.

Clear lucite stand fits beneath computer printers

ELK GROVE VILLAGE, IL—A World of Plastic has introduced a clear lucite stand which fits underneath printers. The company said the lucite unit eliminates packing cartons and paper feedback into printers by storing paper and feeding it as required to back feed or bottom feed printers neatly and smoothly.

A World of Plastic, Ltd., 2535 United Lane, M, Elk Grove Village, IL 60007.



A World of Plastic stand

Merchandising

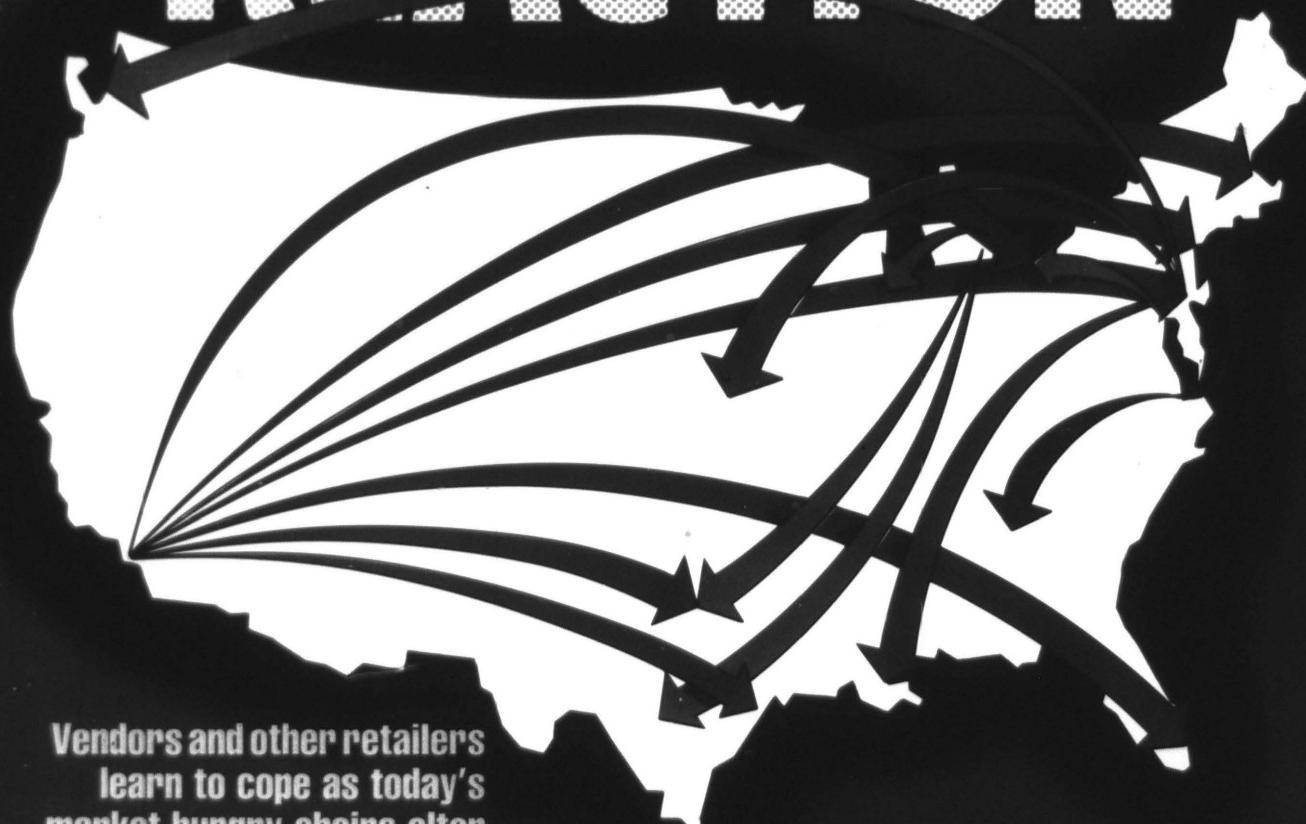
A GRAALA PUBLICATION

FEBRUARY 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

CHAIN REACTION



**Vendors and other retailers
learn to cope as today's
market-hungry chains alter
the face of retailing
consumer electronics and
major appliances**

Also in this issue:

- Are utility companies competing unfairly in selling major appliances?
- Housewares co-op dollars: A user's manual and points to ponder
- The new buzzword in computer software is interactive fiction
- Japanese vendors start adding color to American microwave ovens
- Cordless phone manufacturers shake out the old goods, bring in the new
- Videotape prices stabilize, but spot shortages are predicted

TRENDINGS IN COMPUTERS

Atari and Commodore gamble now on the mid-range market

Now that was a show. Sure, it had its disadvantages, like where it was held (for a full report on Las Vegas, see my colleague Jeff Cohen's Trendings on page 20). But for those of us who still consider home computers a viable product category, last month's Consumer Electronics Show held in Nevada's largest city proved to be quite interesting.

For the most important manufacturers of mass-merchandised computers made significant statements at the show. And the products they introduced said a lot about where company executives think the market will be by the end of 1985.

Both Atari and Commodore saw their spaces on the vast convention center floor well populated by visitors wanting to get a glimpse of what some were calling the next generation of personal (if they cost over \$300 or so, avoid the adjective "home" because it denotes "game playing") computers.

Atari's big gamble

Let's take a look at the news, first from an Atari standpoint. Not just because the firm is first alphabetically, but because the Sunnyvale, CA-based firm probably undertook the bigger gamble in introducing its newest line of machines. For if the public is eventually shown these units and greets them with somewhat less than open arms, we in the trade press may not have Atari to write about at all next year.

The firm, which has been struggling under new owner Jack Tramiel for six months to rebound from losses of more than \$500 million in videogames, marked its appearance at the show with two powerful new computers. Just to emphasize they weren't kidding around, they got Nevada governor Richard Bryan to open their booth by cutting a ceremonial ribbon.

The new units are labelled the 130 ST and the 520 ST, both of which feature 128K of memory. With that kind of storage capacity, these models will be able to do much more than just play games, a stigma from the past. Atari is now trying hard to avoid. In introducing the 130 ST and the 520 ST, Atari executives are betting that the American public is ready for a machine that can be used as a home appliance, utilizing a wide range of sophisticated software.

Seeks Macintosh market

The computers are built around the same microprocessor, the Motorola 68000, that runs Apple's Macintosh unit. So there is no mistaking from where Atari is attempting to take market share. Atari is hoping consumers look as hard at price as they do brand names. For a 130 ST with a disk drive and low-end color monitor would retail for about \$800, compared with \$1,800 for a 128K Macintosh with disk drive.

Furthermore, Atari said, it will sell the new units in traditional mass market stores such as K mart, Toys 'R' Us and Target, all of which now carry some low-end computers.

And here's where the potential problems come into play. For one thing, sales personnel in these stores are usually ill-equipped to talk a customer into buying an Atari 800XL, much less a 520 ST, which is significantly more

sophisticated.

Another problem for Atari is actually getting the machines into mass production. Company executives have promised the first of the new machines to retailers sometime in March.

Commodore introduces the 128

For Atari's most direct competitor, Commodore, the CES was an opportunity to display its new 128, which is being billed as the natural step-up from the 64, low-end computing's most popular model. The new computer also

has 128K of memory.

So the firm from West Chester, PA, is also betting that the average American is willing to spend more for a computer that does more.

The company didn't come right out and say it, but they have something else up their collective sleeves. Later this year, Commodore will unveil the Amiga system. The much ballyhooed, high-performance unit is expected to compete directly against Apple's Mac and retail for around \$1,000.

So both companies, after unsuccessfully trying to build a loyal customer base for strictly low-end models, are trying for the mid-range market. Going up against Apple and IBM will be no easy task. It's a jungle out there.



Frank Cavalliere

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COMPUTERS

Commodore and Atari raise the stakes at CES

By Frank Cavaliere, associate editor

LAS VEGAS—Moving on up, the two remaining players in the low-end home computer market introduced new products at the Winter CES that are designed to put them in competition in the higher-powered upper echelons of the business.

It's a world now dominated by Apple and IBM. But both Commodore and Atari hope to grab a significant share of the market this year with units aimed at more serious users with more money to spend.

This news dominated the computer section of the show, where Nevada governor Richard Bryan appeared to cut the ribbon at the booth sponsored by "the new Atari." Yet just across the aisle stood Coleco, a grim reminder of what could go wrong, still displaying its Adams, the computer it killed just days before the show opened.

And in West Hall, the MSX group showed Japanese and European versions of its computers, still talking about a U.S. introduction despite the fact that the products' technology is rapidly moving out of sync with the American market.

High-powered new line

Atari introduced its new, more powerful computer line during the show, and the machines were generally welcomed as at least a sign that the troubled former Warner Communications division was on the road back to profitability.

The 65XE unit begins the new line, and is generally considered to be a redesigned 800XL. The unit is expected to sell for \$119 at retail. The 65XEM features a music synthesis chip and will sell for \$159. The 130XE has 128K of memory. All three low-end

units are compatible with Atari's XL line and can therefore use the many software programs written for them.

But the main focus of Atari was its entrance into the market currently dominated by IBM and Apple. Into this arena, the company introduced the 130ST and 520ST computers, which officials carefully labeled "personal," rather than "home," units.

A built-in software program, designed jointly by engineers at Atari and Digital Research, supposedly mimics most of the features that make Apple's Macintosh easy to use, such as symbols and windows.

And Atari said a feature called GEM would make the machines easy to use and learn, eliminating the need to use operating system commands. Software written for the GEM environment includes such features as overlapping windows, drop-down menus and icons along with support for pointing devices such as a mouse.

Atari decorated its booth with boldly printed banners exclaiming "Power Without the Price," an obvious reference to Apple and IBM. And speaking at the show, the company's president, Sam Tramiel, expressed

(Continued on page 48)



STILL DISPLAYING THE ADAM at the CES to few visitors was Coleco, which killed its computer line a few days before the show opened, leaving Commodore and Atari as the low-end players.

Graphics broaden category:

Interactive fiction sparks software market

By Ken Coach, contributing editor

LAS VEGAS—The new darling of the computer software industry is something called "interactive fiction," games in which the player guides a character (often himself) through a story line towards a specific goal.

Although the genre has been around

for a while in text-only programs, a number of new manufacturers have entered the business as the games have caught on. Now, some vendors are combining graphics with text in a move to broaden the market.

On another front, the industry's romance with educational software has cooled, but it's not over, according to vendors at the Winter CES. Sales have not lived up to expectations. Nevertheless, at least one major new firm is entering the market.

Interactive fiction soars

The interactive fiction category was pioneered by Infocom in 1979, when the company began publishing what it then called "text adventure" games, because they had no graphics. With these titles, the player becomes the main character in a story which unfolds on the screen and directs the action by typing in commands.

Although successful from the begin-

ning, Infocom really took off in 1983 when sales jumped from \$1.6 to \$6.1 million.

That's when other companies sat up and took notice. And after enjoying a virtual monopoly, Infocom now faces some stiff competition. It also faces a battle over whether interactive fiction games should include graphics or only text.

Infocom, for one, is adhering to the text-only format. "You are better off imagining what is happening than seeing it on a graphic," president Joel Berez told a CES workshop.

But others disagree.

One company that recently entered the business, Spinnaker, does not believe that consumers have to choose between good game and good graphics, and can offer the best of both worlds.

Spinnaker has also introduced the concept of putting the game player in

(Continued on page 48)

Suppliers direct floppy disks of both sizes at mass market

By Lee Rath, editor

LAS VEGAS—An increasing number of blank tape manufacturers are getting into the floppy disk business and aiming their product straight at the mass market.

Virtually every tape manufacturer interviewed at the Winter CES now has 5½-in. floppies on the mass market, and a number are starting to

push their 3½-in. disks that way. It's time, they say, to start selling floppy disks in everything from discount stores to supermarkets. Even if the consumer's not quite ready yet, he's not going to want to go back to the computer store every time he needs a piece of blank software.

One of the companies already put-

(Continued on page 70)

Atari, Commodore expand computer lines

The two remaining low-end manufacturers both displayed new home computers. For a look at them and other new products at the CES, turn to page 48.



Are home computers getting too powerful?

That's the question being discussed by some software makers, who say greater memory doesn't lead to better home software. Examine the argument on page 48.

Software released in three categories

During CES many software vendors were busy introducing new titles in the game, learning and personal finance areas. For a look at the latest new programs, see page 51.

Retailers look skeptically at Atari; software set for Commodore 128

(Continued from page 47)

confidence about going up against the two firms. "We're now in a position to realize the competitive part of this business," he told his audience. "Our product belongs in every home in America."

Not everyone at the show was as confident.

Retailers who remembered past dealings with Atari remained skeptical about the company's promise to begin delivering the computers sometime during the first three months of this year. Many large retailers, including discount stores and other mass merchandisers like catalog showrooms which have dropped computers from their electronic mixes, will probably have to be convinced to enter the market again.

Another factor that might hinder the acceptance of Atari's new high-end machines is the limited amount of software that will be available initially.

In light of this, the company's elusive chairman, Jack Tramiel, made a rare public appearance at the Software Publishers Association annual meeting held during the show to ask software firms to support his new products. "I need your help," he said. "Any support I can give you, we're here."

Commodore's new entry

Commodore's new 128 computer will be fully compatible with the firm's best-selling 64 unit. It has single- or dual-disk drive options and can use an 80-column monitor.

Commodore spokespersons said the 128 will be introduced with a dozen or so software programs written specifically for it and that another 40 or 50 programs will follow.

They added that the 128, like Atari's new unit, is being positioned as a "personal" computer, up against IBM and Apple.

Indeed, Commodore billboards on some roads leading to the convention center said "Bad news for IBM and Apple." And the firm's press releases and press conference announcing the 128 also centered on the new, hoped-

for competition.

Elsewhere at the show, Coleco struggled to attract visitors to its subdued booth where executive vice president Morton Handel busied himself by explaining what went wrong and detailing the firm's plans.

"With the Adam, we felt it was absolutely the right time to do it [leave the home computer business]," he said. "Now we can concentrate on dealing with problems and continuing relationships. We are talking to our customers about Colecovision and our continuing support for the Adam system."

Handel blamed the unit's demise on initial production problems in fourth-quarter 1983 shipments and what he said was incessant press coverage of Adam's failings and Coleco's troubles overall.

"I'm not trying to sound like sour grapes on this, but if you look at articles covering Coleco over the past year, you'll see stories citing our problems chapter and verse," he complained.

Asked about the prospects of Atari and Commodore for the year, Handel quipped, "I wish them a lot of luck."

It's a tough business."

In contrast to the excitement generated by their American counterparts, Japanese manufacturers displaying the long-awaited MSX computers did so at a sparsely attended booth in the West Hall. The manufacturers, which included Canon, Panasonic, Pioneer and Sanyo, showed Japanese and European versions of the units.

Analysts question MSX

At last year's show in Chicago, several Japanese manufacturers predicted that by this winter's CES their units, which use interchangeable software, would be shown in great numbers. Since that did not happen, many analysts have said they doubt the Japanese effort would succeed. They point out that the unit is built around an eight-bit microprocessor, which is now in danger of becoming out of date.

Jon Shirley, president of Microsoft, the company that created the operating system used by MSX vendors, said appearing at the show was part of an overall Japanese marketing

strategy.

"The companies are here to get together with retailers to see how much interest there is in the product. Many will be in Chicago (at the Summer CES) with prices and products ready for delivery in the third quarter," he said, adding that many retailers have already expressed interest in carrying the MSX computer in time for Christmas. "We're talking about a true mass merchandise item here."

Shirley also said that a company such as Sony might have an advantage over its American competition. "The impression we get is that many retailers aren't interested in carrying both American computers and MSX. Many of these same retailers feel comfortable with Sony as a name because it has been successful in promoting and advertising consumer electronics products," he explained. "And part of the reason why computers didn't do well this past Christmas was because the companies didn't advertise correctly."

Also looking for success in 1985's computer market is United Kingdom-based Sinclair. The company plans to market its 128K QL computer in the U.S. on a direct mail basis. It is expected to sell for under \$500 and compete directly with Atari and Commodore.

Vendor foresees flood of interactive fiction

(Continued from page 47)

the middle of his favorite novel, and has produced computer versions of Treasure Island, Fahrenheit 451, Alice in Wonderland and the Wizard of Oz, among other novels.

"By using recognized popular fiction, the game is more than just solving a puzzle," said director of marketing Jay Mixter. "It has a real plot, a beginning and an end. The player becomes his favorite character and controls the action."

Mixer admits that, once completed, interactive fiction titles will not be likely to get much replay. But he thinks the consumer will be satisfied to get 25 to 30 hours of play out of a game that costs around \$30. And he contends, at some point, people like to be able to finish a game.

Predicting that interactive fiction will solidify itself as a separate segment of the computer software

market, Mixer said it should account for as much as 20 percent of all sales.

Other manufacturers, however, are more cautious about the impact of this new genre.

Activision, which introduced its first two interactive fiction games at the CES, sees a flood of new products coming, followed by a shakeout. The new games are not the "end-all" in computer software, warned vice president of sales Kenneth Coleman.

"There's a danger that the market will get glutted by products that aren't really very good," he said. And that would turn customers off to the new category. Then too, he added, despite the hype, action/arcade games are not just going to go away.

Educational software matures

Coleman told *Merchandising* that Activision would also be entering the educational software market in 1985 with the release of two programs later in the year.

"I prefer to call it learning software," he said, refusing to provide many details about the new programs. He did say, however, that they would not be of the flash-card/drill variety, and would usher in "the next generation" of product.

How is the educational software market doing?

Ozzie Katz, senior vice president of Soft Kat, a distributor dealing in only educational software, said the business is growing.

He admits, however, that it has not lived up to its hype, and blames that on over-zealous distributors who did not understand how to support the titles and a flood of new publishers trying to cash in on the market with inferior product.

And Spinnaker's Mixer agrees, pointing out that his company was one of three major firms producing educational software in 1982. The next year, there were more than 72 firms in the business. Much of the product was of poor quality, and the customers got

confused. Many just expected too much.

"One of the problems with educational software," he said, "is the fact that you can't just plug in the computer, plug in the kid, and watch an Einstein come out the other end."

When does power become too much?

LAS VEGAS—Could it be that home computers are getting too powerful for their own good?

That's the question some software vendors were asking at the Winter CES as they watched the introduction of powerful new models from Atari and Commodore.

Greater memory does open the door to more exciting home software, they said, but more computing power is not a guarantee of better product.

Activision's vice president of sales, Ken Coleman, for one, warns of what he calls "creeping elegance" in computers.

"A four-hour movie is not necessarily better than a two-hour movie," he said, admitting that greater memory will reduce technical problems in program design, but will also make programming more complex.

He also said that the new computers may actually have more memory than is necessary for many programs. Developing software, he said, will take discipline. Not all programs should take full advantage of the computers.

Coleman said he sees programmers becoming specialists. Instead of a single individual designing a new game, it will be done by a team, with one person creating the graphics, one the sound, one the story, and so on.

As for now, it's time to wait and see if the new computers even catch on. For as software vendors pointed out, before they start writing for a new machine, the public has to respond.

KC

Nintendo unveils fancy videogame

LAS VEGAS—in a move intended to bring back the faltering videogame business, Nintendo introduced what it called a "new generation" system at the Winter CES.

Tentatively named the "Advanced Video System" (AVS), its benefits include arcade-quality graphics, improved screen images and sharp color definition and depth of field, said company spokesperson Gail Fisher. The AVS also brings high-tech styling and compact size to the party.

"A computer is something to use in a den or office, but it doesn't specialize in random pattern generation like our unit does," said Fisher. "Our level of game playing is better, because that's what this machine specializes in."

Although pricing is yet to be determined, the AVS (already a hit in another version in Japan) is expected to be shipped to the U.S. market in June.

—FC



CONSUMERS WILL BE HAPPY to get 25 to 30 hours of play out of an interactive fiction title costing \$30, says Spinnaker director of marketing Jay Mixter. Some people prefer to be able to finish a game, he adds.



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NEWSLINES

COMPUTERS

WEST HARTFORD, CT—Coleco gives up on Adam. The manufacturer announced early last month that it would abandon its unsuccessful home computer and concentrate on producing the more profitable Cabbage Patch dolls. The company further stated it would post a "substantial loss" for the fourth quarter of 1984 and for the entire year.

Executive vice president Morton Handel said price cutting, changing technology and sharp shifts in consumer buying patterns led to the firm's decision that it was not able to incur the cost that was needed to keep the Adam competitive. At least as a part of the decision, Coleco's booth at the Winter Consumer Electronics Show in Las Vegas was mostly deserted during the four-day event. Coleco executives at the booth stressed that the firm will still produce software for the ill-fated unit and will continue to make Colecovision videogame systems.

Coleco's action came after months of denials by company officials that they were planning to discontinue the machine. In vain efforts to spark consumer interest, Coleco repeatedly dropped the price of the unit until it reached the \$475 mark for the bundled package. The company was hurt by fall 1983 product shipments that included an unacceptable percentage of defective merchandise. The unit could not, in effect, overcome its initial reputation of unreliability.

While Coleco has not released any sales statistics for the past year, most market researchers estimate that the company sold about 250,000 Adam units since its introduction.

CAMBRIDGE, MA—Trillium has changed its name to Telarium. The developer of interactive science-fiction software announced last month that it will be known as the Telarium Corp., resolving a trademark rights negotiation. The agreement took effect on Jan. 1. As part of the agreement, Spinnaker Software Corp., Telarium's parent company, will continue to market all existing inventory under the Trillium name for several months. All new games produced after Jan. 1 will carry the Telarium name.

Brand name games retail at \$32.95 for the Commodore 64 and \$39.95 for the IBM PC, PCjr, Apple Macintosh and Apple II series. Titles include *Fahrenheit 451*, *Rendezvous With Rama*, *Dragonworld*, *Amazon* and *Shadowkeep*.

VICTORIA, BRITISH COLUMBIA—Mimic Systems Inc. will be establishing a dealer network in both Canada and the United States for the Spartan Apple Emulator. The Spartan, a modular system which plugs into the rear of the Commodore 64, allows the unit to use all standard hardware and software for the Apple II+.

"The Spartan is a unique product to merchandise," said Elliott Dahan, vice president of marketing. "While it is an enhancement product for the Commodore 64, it really should have the dealer support of a true Apple product. While larger retailers will have tremendous success selling the Spartan, the computer retailer will greatly benefit from the add-on and software sales that will follow the sale of the Spartan." Interested dealers should contact: Mimic Systems Inc., 1112 Fort St., Floor 6X, Victoria, British Columbia, Canada V8V 4V2. Telephone: 604/383-2001.



Okiidata's Georgi explains sales training program

MT. LAUREL, NJ—Okiidata has launched a free sales training program for dealers. Those dealers who read the program manual and successfully complete a brief exam will receive a grant from Okiidata in the form of a five percent discount on any one-time purchase of Okiidata printers.

The program includes the text booklet, an audiocassette that includes product information, case studies, selling techniques and a demonstration diskette that shows the capabilities of Okiidata printers and a product information brochure. "The primary purpose of the sales training program is to help members of the authorized dealer network improve their craft," said Herni Georgi, manager, marketing services for the firm. "That translates to better service for consumers and more profit for dealers."

NEW CANAAN, CT—Smith-Corona has appointed former Apple sales reps to market its computer printer line. The consumer electronics company has shifted sales responsibilities for its line of computer printers in the 48 contiguous states from its internal sales force to an outside network of manufacturers' reps. The network is known as the North American Manufacturers Representatives Association (NAMRA), which represented Apple before Oct. 1, 1984.

The company's line of D-series dot matrix and L-1000 letter-quality printers will now be represented exclusively by 18 independent manufacturers' rep firms nationwide. L. Walter Wright, vice president of marketing, said the decision was based on strong portable electronic typewriter sales. "With sales up in the past year, we need sales specialists in each category," he said.

CALABASAS, CA—Sherwin Steffin, founder of Edu-Ware Services, Inc., recently formed a new software company here. Products from Brainworks, Inc. will be designed for the Apple Macintosh and II series as well as the IBM PC and its clones. All programs will feature the "Discovery Learning" approach aimed at developing a person's thinking and reasoning skills such as logic, memory and problem-solving.

"It's time some fresh ideas were brought in to wake up this business," commented Steffin, who is also a professional educator. "We're not trying to teach specific subject matter. Instead, we will be teaching something more important, more basic and more in demand." He added that very little Discovery Learning software is on the market "because it is much more difficult to create products to teach people how to think than how to spell CAT. But that's exactly what we're doing."

MANAGEMENT MOVES—Activision Inc. has appointed Kenneth Coleman to vice president, product development. He was formerly vice president of human resources, and will now be responsible for the company's internal software development activities. Also at Activision, Edward Roffman was named vice president of finance and controller; Joseph Avery, vice president, operations and administration; Richard Lehrberg, vice president, product acquisition and Barbara Hazlett, treasurer . . . At Coleco, the firm announced that Urban Reininger has been named vice president, distribution; Edmund Houlihan, controller; John Passante, senior vice president, human resources; William Spencer, vice president, product operations; Charles Murphy, vice president, treasurer; Thomas Sande, vice president, controller and Lois Wasoff, assistant general counsel . . . Edward Esber has been named chief executive officer of Ashton-Tate . . . Haba System has appointed Charles Becker vice president of sales.

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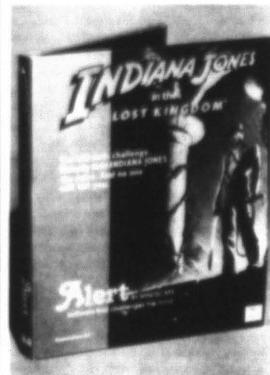
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GAMES

BELOW THE ROOT, Spinnaker. Commodore 64- and Apple II series-compatible. Available now. Suggested retail \$26.95.

CAESAR'S GUIDE TO GAMING, Screenplay. IBM PC-, Apple II series-, Apple Macintosh- and Commodore 64-compatible. Available now. Suggested retail \$69.95.



CHIPWITS, Brainworks. Apple II series-compatible. Available now.

Suggested retail \$39.95.
INDIANA JONES IN THE LOST KINGDOM, Mindscape. Commodore 64-compatible. Available now. Suggested retail \$29.95.

LANTERN OF D'GAMMA, Milliken. Apple II series-compatible. Available now. Suggested retail \$34.95.

RALPHIE, ("Honeymooners" game). Write to Ralphie, PO Box 512 E. Northport, NY 11731. Commodore 64-compatible. Available now. Suggested retail \$18.45.

SWISS FAMILY ROBINSON, Spinnaker. Commodore 64- and Apple II series-compatible. Available now. Suggested retail \$26.95.

LEARNING

ADAMCALC, Coleco. Coleco Adam-compatible. Available now.

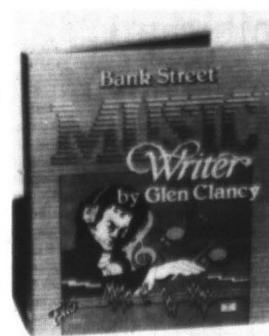
BASIC BUILDING BLOCKS, Meca. IBM PC-compatible. Available now. **BANK STREET STORYBOOK**, Mindscape. Apple II series- and Commodore 64-compatible. Available now. Suggested retail \$39.95.

BRAINTRAIN, Brainworks. Apple II series-compatible. Available now. Suggested retail \$39.95.

DISCOVER YOUR BABY: BIRTH TO TWO YEARS, BHT Group. Apple II series-compatible. Available now.

DISCOVER YOUR CHILD: TWO TO SIX YEARS, BHT Group. Apple II series-compatible. Available now.

GALAXY MATH: BASIC MATH FACTS, Random House. Apple II+, IIe- and IIc-compatible. Available now. Suggested retail \$29.95.



GALAXY MATH: DECIMALS, Random House. Apple II+, IIe- and IIc-compatible. Available now. Suggested retail \$29.95.

GALAXY MATH: FRACTIONS, Random House. Apple II+, IIe- and IIc-compatible. Available now. Suggested retail \$29.95.

GALAXY MATH: INTEGERS, Random House. Apple II+, IIe- and IIc-compatible. Available now. Suggested retail \$29.95.

KERMIT'S ELECTRONIC STORY-MAKER, Simon & Schuster. Commodore 64- and Apple II series-compatible. Available Spring 1986. Suggested retail \$39.95.

LET'S BOP, DLM Teaching Resources. Apple II+, IIe-, IIc-, Commodore 64-, IBM PC and PCjr-compatible. Available now. Suggested retail \$29.95.

MR. BOSTON OFFICIAL MICRO BARTENDERS GUIDE, Concept Development Associates. IBM PC-, PCjr-, Apple II series- and Commodore 64-compatible. Available now. Suggested retail \$49.95.

NEWSROOM, Springboard. IBM PC-, PCjr-, Apple II series- and Commodore 64-compatible. Available now.

PERSPECTIVES, Pioneer Software. Commodore 64-compatible. Available now.

SMART START, Muse. Commodore 64-compatible. Available now. Suggested retail \$39.95.

SPELL IT!, Davidson. IBM PC- and PC jr-compatible. Available now. Suggested retail \$49.95.

STICKYBEAR, Weekly Reader Family Software. Apple II series-compatible. Available now. Suggested retail \$39.95.

THE GREAT GONZO IN WORD-RIDER, Simon & Schuster. Apple II series- and Commodore 64-compatible. Available retail \$39.95.

THE MUSIC SHOP, Broderbund. Commodore 64-compatible. Available now. Suggested retail \$44.95.

THE PRINT SHOP, Broderbund. Commodore 64-compatible. Available now. Suggested retail \$44.95.

PERSONAL FINANCE

GET ORGANIZED!, Electronic Arts. IBM PCjr-compatible. Available now.

MERCHANDISING COMPUTERS / PRODUCTS

Personal Peripherals adds analog joystick to its line

LONGVIEW, TX—Personal Peripherals has introduced a single, switch-selectable analog joystick for use with the Apple II, II+, IIe, IIc IBM PC and PCjr computers. The model J2000 joystick carried the TG label and is an addition to the original TG line of products which the firm acquired from TG Products last year.

The J2000 has completely linear operation, exclusive trim adjustments for both axes and a self-centering feature the user can disengage at will. It has a switch on the bottom of the base which allows the user to switch between the Apple II series computers and the IBM line. The joystick comes with a 10-ft. coiled cord and a socket to interface with the Apple IIe and IIc. Included in each



package are adaptors to interface with Apple II and II+, IBM PC and PCjr computers. It retails for \$39.95.

Personal Peripherals, Inc., 1505 S. Green, M, Longview, TX 75602.

Datasouth begins to ship two models

CHARLOTTE, NC—The Datasouth Computer Corp. has begun shipping the Personal Printer I and the Personal Printer II which are multimode dot matrix impact printers for use with personal computers.

The Personal Printer I features a 10-in. carriage and prints up to 80 columns at 10 pitch or 136 columns at 17 pitch. The Personal Printer II has a 17-in. carriage and prints up to 166 columns at 10 pitch or 256 columns at 17 pitch. Both printers feature friction feed, as well as pin feed and can print on three-part forms.

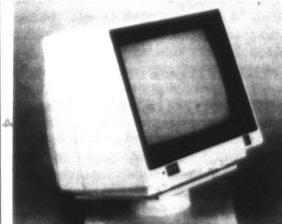


Datasouth Computer Corp., 4216 Stuart Andrew Blvd., M, Charlotte, NC 28210.

Monitor stand tilts up, down; swivels

NORTHFIELD, IL—Made of polystyrene, the monitor stand is compatible with the manufacturers color monitors, SC-100, SC-200 and SC-3000. Unit tilts up, down; swivels right, left and to 90 degrees. The monitor stand retails for \$49.

Sakata U.S.A. Corp., 651 Bonnie Lane, M, Elk Grove Village, IL 60007.



ViMart SalesPro

ViMart introduces a p-o-p sales unit

LOS GATOS, CA—The ViMart SalesPro is a point-of-purchase video display for software retailers. The unit demonstrates software by showing videos stores on a laserdisc. Customers can evaluate the software programs before purchase, without the assistance of the store's floor sales staff. In addition to merchandising assistance, the SalesPro allows retailers to streamline their inventory by stocking according to titles shown on the disc, the company said. ViMart updates the disc to accommodate popular software.

ViMart Corp., 16795 Lark Ave., M, Los Gatos, CA 95030.

Two light pens feature touch-sensitive switch

FAIRFIELD, NJ—Tech Sketch, Inc., has introduced two light pens which feature a touch-sensitive switch built into the tip of the pen.

The suggested retail price for the standard version touch tip pen is \$39.95.

Tech Sketch, Inc., 26 Just Road, M, Fairfield, NJ 07006.

Commodore introduces 128; most powerful unit to date

WEST CHESTER, PA—Commodore introduced its most powerful computer to date at this year's winter Consumer Electronics Show. The Commodore 128 features 128K memory, 40/80 column color display, the ability to run software such as Wordstar, dBaseII and the Perfect Series. The unit can run Commodore 64 software and operates with an optional mouse controller. It comes in light beige and has a 92-key keyboard with a 14-key numeric keypad, eight programmable function keys, six

cursor keys and a help key. The company said the unit will be available in the spring of this year.

Commodore also unveiled the Commodore LCD unit. Weighing about three lbs., the unit has built-in Commodore 3.6 Basic, 32K memory and 80-column by 16-line LCD screen. It features a 72-key keyboard with eight programmable function keys and four cursor keys. The machine can run on AA batteries or external power supply. The company also introduced new peripherals including the Commodore



Commodore 128 computer

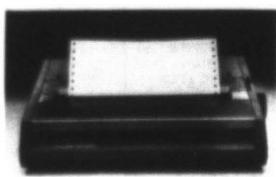
1571 disk drive, 1901 monochrome monitor, 1902 RGBI/composite monitor and the 1660 modem 300.

Commodore International, 1200 Wilson Drive, M, West Chester, PA 19380.

Printer can create full color printouts

Mt. LAUREL, NJ—The new Okimate 120 printer by Okidata was debuted at the recent Consumer Electronics Show. The printer, which carries a suggested retail price of \$239 including its computer-specific interface, uses the ribbon transfer process to produce full color screen dumps as well as letter quality text processing. It interfaces with Commodore and Atari home computers through the use of its Plug and Print personality package.

The unit creates color printouts by mixing three primary colors. A heated element on the printhead melts the



Okidata Okimate 120

wax-based ink off the ribbon and onto the paper. It can print on acetate to create transparencies for overhead projectors.

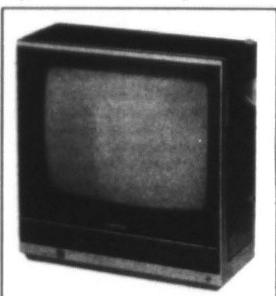
Okidata, 532 Fellowship Road, M, Mt. Laurel, NJ 08064.

GoldStar Electronics introduces monitor that interfaces directly with computers

LYNDHURST, NJ—GoldStar Electronics has introduced a 13-in. color television monitor. The CMT-4282 is a cable ready set with remote control and CATV-106 channel capability and can interface directly with home computers.

The set also offers frequency synthesized random access tuning, digital LED channel display and automatic brightness controls. Other features include audio/video input/output jacks and sleep timer. The unit measures 13.9-in. wide by 14.7-in. high by 15.1-in. in diameter. It retails for \$499.95.

GoldStar Electronics, 1060 Wall St. West, M, Lyndhurst, NJ 07071.



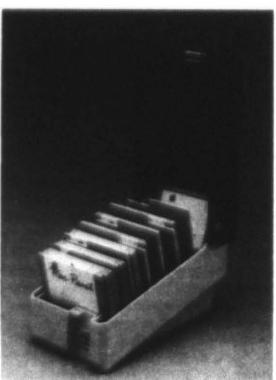
GoldStar CMT-4282

Computer Accessories Corp. offers unit that holds up to 30 3½-in. diskettes

SAN DIEGO—Computer Accessories Corp. is offering a desktop diskette holder which stores and organizes up to 30 3½-in. diskettes. Micro DiskFiler contains six dividers, which are visible through the tinted, transparent lid. When closed, the box protects diskettes from contaminants, dust, smoke and other threats to data integrity. The unit measures 8.7 in. by 4.2 in. by 5.6 in. Furniture protecting rubber pads on the base prevent sliding and marring the surfaces. The company claims the Micro Diskflier retails for \$19.95.

Other products manufactured by Computer Accessories Corp. include interface products—cables, interface cards and data transfer switches—and surge suppressors.

Computer Accessories Corp., 7696 Formula Place, M, San Diego, CA 92121.

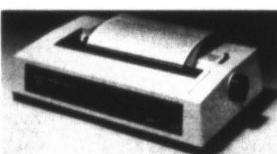


CAC Micro Diskflier

Smith-Corona shows dot matrix printer

NEW CANAAN, CT—Smith-Corona has expanded its computer printer line with the introduction of the Fastext-80, its lowest priced dot matrix printer. It will retail for \$259 and will be available through mass merchandisers beginning in September and October.

Features include six-pitch capability, bi-directional printing, a full-line buffer, standard Centronics parallel interface, friction feed, self-test switch



Smith-Corona Fastext-80

and true descenders. The Fastext-80 runs at 80 CPS and has an 80-character print line at 10 characters per inch. The printer uses a drop-in ribbon cassette that yields one million characters before needing replacement, the company said.

Smith Corona, 65 Locust Ave., M, New Canaan, CT 06840.



Juki 6000 printer

Juki unveils prototype of 6000 computer printer

SCHAUMBURG, IL—The Juki consumer products division unveiled the prototype of its newest printer at the Consumer Electronics Show last month. The Juki 6000 computer printer will be available this month and has a suggested retail price of \$299. It features bi-directional printing, 2K internal memory and 10, 12 and 15 pitch selections and printing speed of 10 characters per second.

The firm's other two printer units, the Juki 6100 and 6300, retail for \$599 and \$995 respectively.

Juki, 1261 Wiley Road, Suite B, M, Schaumburg, IL 60195.

Atari displays line of computer models

SUNNYVALE, CA—Among the new offerings shown by Atari last month at the winter Consumer Electronics Show was the XE line of family computers. The machines were designed to follow in the footsteps of the 800 XL line, and will be compatible with them. The eight-bit 65XE will have 64K of memory, 11 graphic modes, 256 colors, four independent sound voices and built-in Basic programming.

Other models to choose from in the XE line include the 65 XEM, 65 XEP and the 130 XE. The 65 XEM features 64K memory, eight independent voices and changeable music features. Atari said a user can then create his own music by connecting the computer to speakers and audio equipment. The 65 XEP comes with a shoulder strap, giving it portability with 64K memory, a 40 by 20 column monochrome monitor and built-in 3½-in. disk drive. The 130 XE has 128K memory, making it the highest priced unit in the line.

The company also introduced higher ticketed machines that it expects will be competitive with both the Apple IIc and the IBM PCjr. The 130 ST unit comes with 128K memory, while the 520 ST machine has 528K memory. To complement the ST computer line, Atari is introducing a new line of compatible 3½-in. disk drives, printers, RGB color monitors and other unspecified peripherals. GEM is a special feature of the ST line which makes the units easy to learn and use by eliminating the need to use operating system commands.

Software written for the GEM environment includes such features as overlapping windows, drop down menus and icons along with support for pointing devices such as a mouse. The company also unveiled a line of printers, disk drives, monitors and modems for the two computer lines.

Atari Corp., 1265 Borregas Ave., M, Sunnyvale, CA 94086.

Cartridge improves disk start-up time

SUNNYVALE, CA—Over two million Commodore 64 owners can now load and power up disks up to five times faster, as well as copy disks up to 10 times faster with the Epyx Fast Load Cartridge. The plug-in computer accessory plugs into the cartridge port of the Commodore 64.

The unit will work with protected disks. It works with about 95 percent of the programs currently on the market, including Flight Simulator.

Epyx Inc., 1043 Kiel Court, M, Sunnyvale, CA 94089.



Epyx Fast Load cartridge

Merchandising

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63rd Annual **Statistical & Marketing Report**

Kitchen electrics set the pace in housewares

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TRENDINGS IN COMPUTERS

Mid-priced computers may fit in mass merchandisers' mix

With the recent introduction of Atari's ST 130 with 128K of memory, which is expected to be pitted up against Apple's \$1,800 Macintosh, sophisticated mid-priced computers may soon find a warm spot in mass merchandisers' electronics departments.

Atari's competitively priced line—which includes models 130 ST, 260 ST and 520 ST—ranges in suggested retail price from \$899 to \$599. The 130 ST, bundled with a disk drive and color monitor, is expected to list for \$800.

And more action is expected to surface in the mid-range computer business later this year when Commodore takes the wraps off its own Mac-like product, the Amiga system, which is expected to retail in the \$1,000 range.

Quality is key

Of course, the success of Atari's mid-range line and the soon-to-be-offered Commodore Amiga will weigh heavily on quality. Atari's ST line is expected to be available sometime this month. But word has it that the firm may have trouble getting the ST line into mass production, thereby causing initial delivery woes. And Atari is still trying to get back on its feet after reeling from losses of over \$600 million.

If Atari and Commodore offer quality products and provide sufficient consumer advertising support, extensive training for sales clerks will not be necessary to sell the systems. Attractive four-color packaging and easy-to-understand instruction manuals which should be offered with the systems will also make them suitable for the mass merchandiser to sell.

Coleco as we all know tried to go this route with the Adam, but the system was plagued with quality problems from jump street. In addition, when consumers flocked to mass merchandisers to look for Adam, they were only met with a lot of empty shelves.

Caution with low-end market

Until now, mass merchandisers have concentrated on the low end of the computer market. But after clawing through the Christmas season with only modest sales in low-end models, more mass merchandisers are backing out of the business completely. Some still remember being slapped in the face with discontinued models from such firms as Texas Instruments, Timex/Sinclair, Mattel, and most recently, Coleco.

But by upgrading their merchandise mix in computers to mid-priced models, mass merchandisers could attract some more serious computer users. I'm not talking about the folks who only want a system to play games on and to balance their budget once a month. There are a lot of people out there who don't want a \$200 unit, but don't have a few thousand bucks to slap down on a computer. However, they may be willing to part with \$800 to \$1,000 in order to fulfill their computer needs.

For those consumers who want a more sophisticated computer and a little more hand-holding after they buy a system, the computer specialty store can still best serve their needs—

at a premium price. But computer specialty stores don't want to sell the mid-priced computers because they still cater to a more upscale audience in general.

It's no secret that retailing has become more competitive than ever before. Three of the nation's largest mass merchandisers—Sears, K mart and JC Penney—have been striving to upgrade their images to stand out in the crowd. The three retail giants have spent a mint on remodeling to create

more upscale environments to lure Mr. and Mrs. Middle America—the mass-market consumers.

Keeping in tune with the changes, these mass merchandisers are keeping a closer eye on their consumer electronics departments, where mid-range computers may very well find a happy niche. You can bet that when one major mass merchandiser takes the plunge into the mid-range computer business, the rest of the pack will quickly follow suit. The profit opportunities are there for those who play their cards right.

Note: This month's Trendings in Computers was written by managing editor Stephanie Flory.



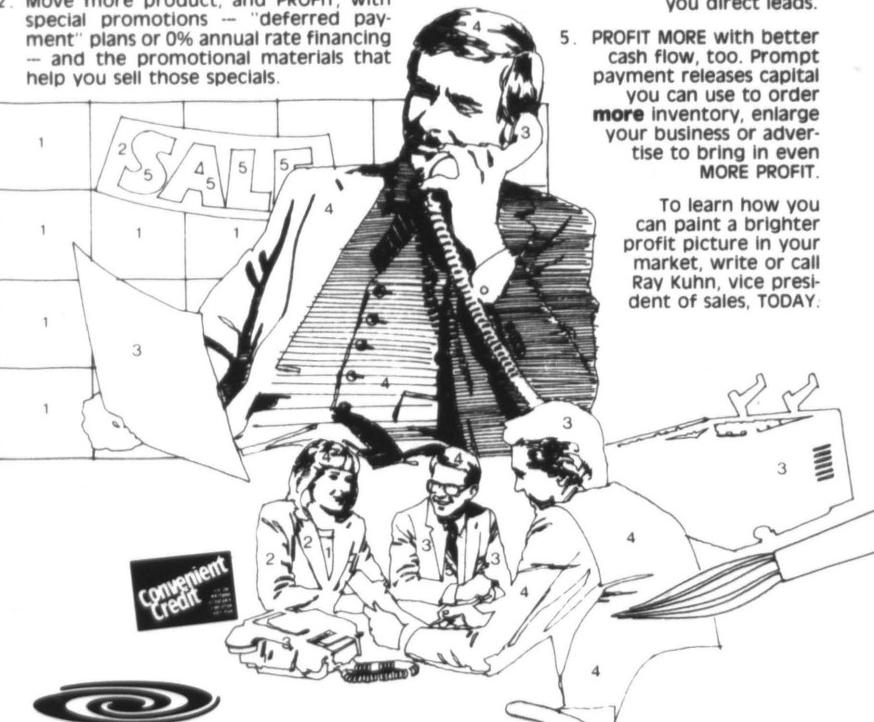
Stephanie Flory

Five ways to paint a better profit picture.

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TELEPHONES AND PERSONAL ELECTRONICS

From VCR games to sophisticated robots, 1985 Toy Fair boasts electronic novelties

Imagine a place where six-foot tigers dance in front of subway entrances, evil warriors get their capes caught in elevator doors and middle-aged buyers have heated debates over the relative merits of electronic teddy bears versus Cabbage Patch dolls. No, it's not an enchanted kingdom; at least not the kind you read about in storybooks.

It's Toy Fair, the annual gathering of manufacturers, buyers and dealers of fun and games.

While electronic toys (led by videogames) were the only toy category that actually saw a decline estimated at 54 percent in 1984 by the Toy Manufacturers of America, they were still very much in evidence at the recent Toy Fair.

Included on this page is a small sampling of the smorgasbord of electronic toys and games at Toy Fair '85. With your 'E' ticket to the magic kingdom in hand, leave your conventional wisdom at the door and read on.

—Jeffrey Cohen

1. COLECO. It had to happen. What with Cabbage Patch summer camp, Cabbage Patch dolls for Cabbage Patch dolls and Cabbage Patch ice cream, the idea of a Cabbage Patch telephone was simply inevitable. Standing 15 in. tall and weighing 14 lbs., the phone depicts one of the little darlings standing with her arm outstretched holding a telephone receiver.

Coleco Industries, Coleco Corporate Center, 999 Quaker Lane South, M. West Hartford, CT 06110.

2. AXLON. Nolan Bushnell, founder of Atari, strikes again. Anyone could make a cute teddy bear, but only Bushnell would design one that listens in any language and talks back to its owner. A.G. Bear responds either with information from given input, or from self-generated signals.

The fastest-talking bear since Yogi also sings along with records. Another line of plush pets from Bushnell is called Petsters.

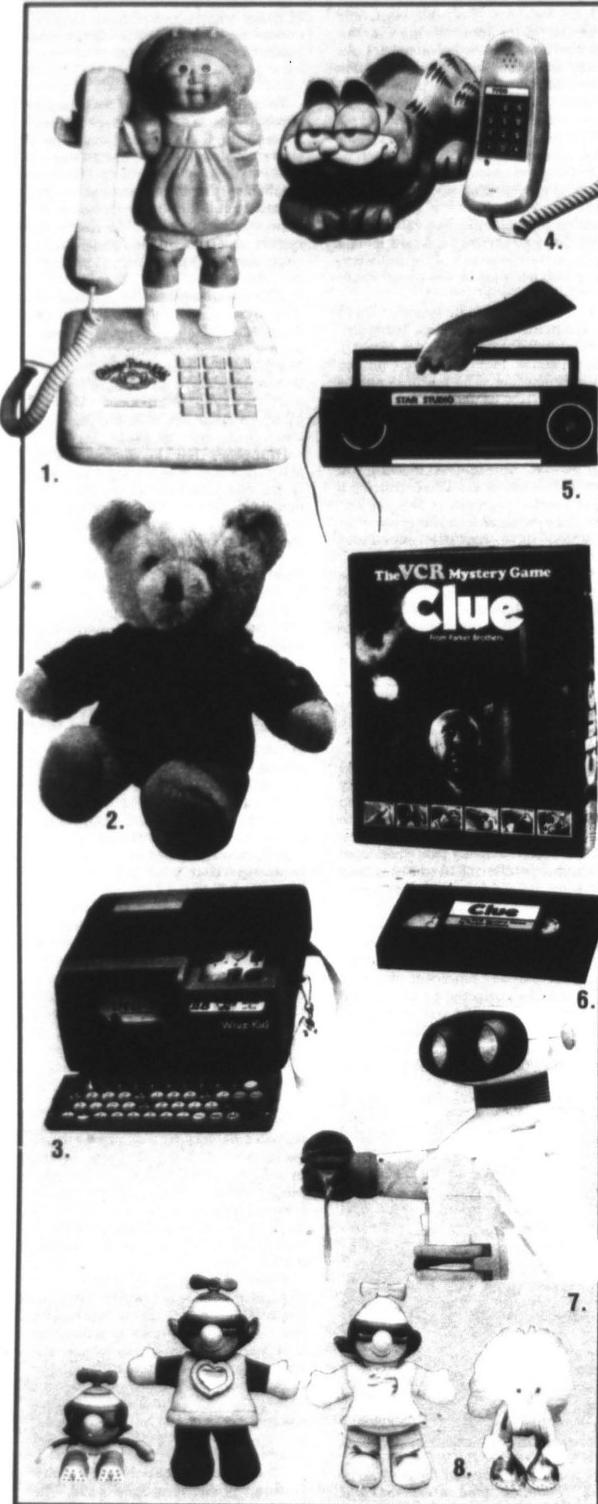
Smaller units are called Catster and Dogster Jr. Larger Petsters will have suggested retail prices of under \$100. Petster Jr.'s are less than \$40 and A.G. Bear is less than \$60.

Axon Inc., 1287 Lawrence Station Road, M. Sunnyvale, CA 94089.

3. V-TECH. With computers becoming more pervasive in the American household, it is necessary to introduce children to thinking machines at an early age. V-Tech, therefore, has developed a number of learning devices the company calls "pre-computers," designed to look and act like computers, but on a child's level. The Whiz-Kid, for example, is aimed at grammar-school children four and older, and has software cards teaching math, spelling and logic. Suggested retail price is \$49.95.

Video Technology (U.S.) Inc., 2633 Greenleaf Ave., M. Elk Grove Village, IL 60007.

4. TYCO. It's not enough for some people that Garfield the cat has taken up permanent residence on the New



York Times paperback bestseller list, in countless newspaper comics sections and on television; they want him in their telephones, too. Hence, the Garfield phone. Introduced by Tyco late last year, the unit has been back-ordered almost since its introduction. Retailing for approximately \$45, the phone features pulse dialing, a re-call button and a receiver built into Garfield's back. When the receiver is lifted, Garfield's eye opens.

Tyco, 540 Glen Ave., M. Moorestown, NJ 08057.

5. GABRIEL (CHILD GUIDANCE). Well, it's not exactly your average boom box, and it's not exactly your average dubbing deck. It's really a little of both; the portable Star Studio Sing-With-the-Stars cassette recorder is designed for children to listen to their favorite music and sing along, while taping their own voices with the enclosed microphone. The second cassette deck built-in to the unit plays back the recording with both the original vocal and the child's voice on the tape. Suggested retail price on the unit was not available at press time.

CBS Toys/Preschool, 41 Madison Ave., M. New York, NY 10010.

6. PARKER BROTHERS. Capitalizing on the popularity of its long-standing board game, Parker Brothers has expanded Clue (the Miss Peacock-in-the-drawing-room-with-the-candlestick game) to fit into today's video-mad age. Besides a board and playing pieces, the VCR edition of Clue includes a videocassette in which actors playing the parts of the famous characters participate in the murderous goings-on through seven different scenarios. Another VCR game, with Rich Little playing charades in a number of guises, is also available. Suggested retail price on the VCR games is \$40.

Parker Brothers, 50 Dunham Rd., M. Beverly, MA 01915.

7. TOMY. Part valet, part waiter and part entertainer, the Omnibot 2000 is the latest in a line of what Tomy calls "fun robots." Among the amazing feats performed by the 26-in. high marvel are wake-up duty (it can follow a given path at a pre-programmed time and deliver a pre-recorded message), party duty (serving drinks on a motorized tray that rotates, pouring from cans or bottles with a fully-articulated right arm) and power duty (it can be used as a mobile six-volt power source like small TV's or radios). Delivery on the unit should begin in June. Suggested retail price is \$500.

Tomy Corp., 901 East 233rd St., P.O. Box 6252, M. Carson City, CA 90749.

8. KENNER. At first glance, Robotman and his friends Stellar, Oops and Lint might not look like electronic devices. In fact, they look like exactly what they are—plush dolls standing anywhere from six to 12 in. high. What they sound like is another story. Each figure has a visible heart, which can be pushed in by the child and "programmed" to play a theme.

The songs will play for 30 seconds at a touch, due to an electronic music generator located in the doll's heart. Suggested retail prices were not available at press time.

Kenner Products division, General Mills Toy Group, 1014 Vine St., M. Cincinnati, OH 45202.

Merchandising COMPUTERS



DISCONTINUED COMPUTERS don't die, they just get serviced. At least that's true of the Timex/Sinclair; customers with discontinued units are referred to the company's repair facilities in Little Rock, AR.

They call it 'the year of the printer':

Peripheral vendors gear up for healthy '85

By Frank Cavaliere, contrib. ed.

LAS VEGAS—Buoyed by the news that both Atari and Commodore plan to introduce new mass market computer units through the year and by what they say is a constant maturing of the marketplace, peripheral manufacturers are looking forward to a healthy 1985.

Third-party vendors have unveiled a range of new products at every price level. And some of them are just entering the market, an area which they have identified as full of potential—for this year and beyond.

One company which recently entered the printer market is Royal. Product manager of personal computer consumer products Al Nilsen said, "We started delivering printers toward the end of November 1984, and we had an excellent response to our models."

Royal will be featuring a full spectrum of printers for 1985, its first full year in the market. Nilsen has high hopes for the firm's LetterMaster printer which retails for \$299.95. "It interfaces with an electronic typewriter and offers the user utility as a word processor," he explained.

Nilsen said 1985 will be "the year of the printer," especially in the low-end computer market. And while he

acknowledged that 1984's label as "the year of the modem" wasn't totally accurate, he insisted that this year will be different.

"True letter-quality printers are arriving on the market at lower prices than ever before. Those Commodore 64's will be coming out of the closet. And when they do, people will be buying some of our printers," Nilsen said.

"We welcome the new Commodore and Atari machines," he said. "Last year was uncertain in the computer end. But peripherals are now able to

Computer dealers can promote units for home banking

By Frank Cavaliere, contrib. ed.

NEW YORK—Retailers seeking ways to promote home computer sales should look at the expanding home banking services now being offered by financial institutions nationwide.

According to officers whose banks now offer or plan to introduce home banking services, more and more people are realizing the convenience of using a personal computer as their own

(Continued on page 104)

Design a dream car, with Epson computer

Shopping mall patrons will soon be given the opportunity to win a Mitsubishi Galant and an Epson QX-16 as part of a joint promotion. The whole story is on page 45.



Organize your Apple with new software

"I Know It's Here Somewhere," a program to help file, is among a number of new releases in computer software. For a complete list of new software, turn to page 46.

Vendors unveil printers, modems and speakers

Peripherals abound from such suppliers as BMC Monitor, CyberLynx, Zoom and Epson. Everything from input speakers to dialing modems is represented, on page 47.

Retailers help owners of 'dead' computers

By Jeffrey Cohen, associate editor

GREEN BAY, WI—The failure of low-end computers to find a profitable niche may be driving suppliers out of the business in droves, but retailers are learning to roll with the punches.

In the recent past, such names as Texas Instruments, Timex/Sinclair, Mattel and Atari have all discontinued computers aimed at mass merchandisers and department stores, claiming disappointing sales or crippling low margins. The January demise of the Coleco Adam just underlined the warning to dealers: no line is safe.

Retailers, though, have learned that a discontinued computer line doesn't have to be a blemish on their stores' relations with consumers. There are

ways to keep owners of "dead" computers happy—with understanding service, quick attention to damaged goods and suggestions of suppliers for software and peripherals.

Take owners of, say, a Texas Instruments 99/4A need not feel abandoned, and the dealers need not play the heavy. Service centers for just about all discontinued computer lines are still operating, and software is still on the market in most cases or can be obtained in others. And there's always the possibility of a trade-up.

In fact, retailers themselves are trading up as a result of the low-end casualty level. Even off-the-rack stores are starting to carry more sophisticated equipment and leaving the \$149 specials behind.

Choose your models carefully

Knowing which model to buy is the key, said retailers. While nobody can tell which company will be the next to give up on low-end computers, it is possible to minimize the damage by dealing with suppliers whose reputation indicates they will support the product even if it does not tear up the market.

"When T.I. quit marketing the 99/4A, I bought all I could get my hands on, and I supported it for an entire year," said John Dankwardt, electronics buyer for the Prange Way chain based here. "I know they have done everything possible to help the

(Continued on page 45)



A BRANCH OFFICE at home is possible through home banking. Chemical Bank's Pronto service allows users to make inquiries about their accounts, transfer funds between accounts and make mortgage and car loan payments, among other activities.

Epson and Mitsubishi co-sponsor mall promos

By Debbie Rosenblum, field editor

TORRANCE, CA—In an attempt to increase brand awareness and promote recent product introductions, Epson America, Inc., is supporting its dealers via a national mall promotion co-sponsored by Mitsubishi Motor Sales.

The Mitsubishi Motors Mall Tour '85 gives shoppers at more than 50 malls across the country the chance to design their "dream car" on an Epson personal computer. After completing the program, shoppers are automatically entered in a national sweepstakes to win such prizes as a Mitsubishi Galant and an Epson QX-16 personal computer with an FX-80+ printer.

During the 16-week tour, over seven million consumers will be exposed to the new system and have the opportunity to meet with participating dealers. "Hopefully, from there, they're on the road to making a purchase," said marketing services manager Scot Edwards.

Cars and computers featured

Each mall exhibit features a Mitsubishi Motors Pavilion with 10 cars and trucks on display as well as a six-station rectangular Epson Computer Center. Shoppers can walk up to a QX-16 and design their "dream car" in about three minutes.

A series of questions that appear on the screen guides shoppers through the program. The first step is to select the car or truck of their choice. Then they get to pick from a list various options and color of the vehicle. The computer also calculates financing based on the estimated value of a possible trade-in, amount of down payment, current interest rates and number of payments.

Once the program is completed, shoppers receive a printout emulating a manufacturer's car window sticker from the FX-80+. The upper portion lists the car model and options selected and sample financing information. The lower portion notes features of the QX-16 and FX-80 as well as a toll-free number consumers can call for additional product information and the name of the nearest Epson dealer. Take-home brochures are also available at the center.

At each mall, the exhibit is set up for four days—Thursday through Sunday. The promotion is running in top U.S. markets including Los Angeles, San Francisco, Chicago, Dallas/Ft. Worth, Houston, St. Louis, Boston, Miami, Atlanta, Phoenix, Denver, the Twin Cities, Kansas City and Portland.

The tour is part of the QX-16 and FX-80 launch. "We are in the early stages of official product rollout," Edwards told *Merchandising*, "so the timing was perfect. We see it as a very good opportunity to expose people to our new desktop and printer and give them hands-on experience in an informal environment. In addition, the promotion fits in with our overall strategy to become a very visible force in the industry."

Dealers tie in

According to Edwards, dealers who participate "have the ability to expand their universe of potential customers. Sales people manning the exhibit can introduce themselves to consumers and set the wheels in motion to sell product."

Retailers can also tie in to the pro-

motion via advertising and special offers. Epson is providing several print ads and 60-, 30- and 10-second radio spots. "Some are running advertisements encouraging people to go to the event: 'The QX-16 is being featured at this mall; come by and meet our salespeople,'" Edwards noted. "Some are offering discounts and/or premiums to people who come into the store after visiting the mall exhibit."

At press time, the tour had been to seven malls. "Consumer reaction has been tremendous," Edwards said. "Based on the number of calls our 800 operators have received, there's a very high interest level in the QX-16. From our dealers, we hear that people were lined up five and six deep to use the computer." Shoppers at the Bonaventure Mall in Ventura, CA, for example, showed no reluctance in approaching the display and putting their hands on a keyboard.

One reason for the positive response is the malls chosen. "Demographics of shoppers had to match our target," Edwards said. As a result, "a very high percentage of those seven million people have a propensity to purchase



SEVEN MILLION CONSUMERS will be exposed to the Epson QX-16 mall exhibits in a promotion co-sponsored by Mitsubishi. Consumers will also have a chance to win a car.

a computer within the next six months."

The mall tour, Edwards added, is the first in a series of national promos Epson plans during the year. "We intend to continue doing events like this that

help consumers become more familiar with the Epson name," he said. "There will be a printer-only promotion, a desktop-only promotion, a portable-only promotion and a consumer electronics product promotion."

Vendors offer servicing for 'late' computers

(Continued from page 44)
consumers who bought that unit."

On the other hand, when Coleco abandoned the Adam, "I did everything possible to return the goods," he said.

Despite Dankwardt's reservations, Coleco is continuing to support the late Adam, according to Barbara Wruck, director of corporate communications. "Adams in the field will continue to be serviced by Honeywell. And products will continue to be sold through Coleco's customer service department."

The same is true of Timex, whose units sold under the Sinclair collaboration are still being serviced and whose 90-day warranty is still being honored, said Karen Stankevitz, customer service supervisor. Repair and service customers for discontinued units are referred to the company's repair facility in Little Rock, AR.

Over at Texas Instruments, "We have about 50 service centers all over the United States," reported Bob Bledsoe, consumer products manager. "We service (discontinued computers) all the time. The 99/4A is alive and well; it's just that the production has stopped."

Software can be elusive

Such is also the case with software. In many instances, the news of a company's exit from the computer market will signal the end of production for software, and this can be true of third-party suppliers as well as the existing hardware vendor. Some suppliers, however, continue to produce programs for a time after the computer itself has left the shelves.

Coleco, for example, is continuing to sell Adam software despite the demise of the computer. "We currently have about 75 titles and plan to continue developing more," said Wruck. "There are a number of programs that were already in development (when Adam was discontinued). We're going to come out with those and keep produc-

ing the others."

Still, retailers report that once a computer leaves the shelves, the software generally follows suit. Sears makes its arrangements with the vendor at the time a model is killed, and if no more software is going to be produced, or if the vendor is taking it back, the stores will stop selling the model.

Consumers don't complain when this happens, according to a Sears spokeswoman. "I think they realize that this is not the fault of the retailer. We can only offer what's available out there."

Triton targets TI owners

Texas Instruments took an unusual approach when it stopped making the 99/4A. It sold all its software to Triton, a mail order outfit based in San Francisco, and provided the company with a mailing list of some of the two million people who had bought the discontinued unit.

"We produce a catalog of the software we have, and we contract with third parties," explained Terry Miller, general manager of Triton. "We have catalogs that we've sent out to roughly one million (99/4A) owners. People are happy that there's someone like us supporting the unit they've bought."

Availability of the T.I. software should not be a problem for quite some time, Miller added. "There are companies making software, and they should continue producing it to meet consumers' needs."

Retailers agree that software is not much of a problem, even if availability is low. "The customer buys the bulk of his software when he buys the computer," explained Dankwardt of Prange Way. "So the computer they bought to do a specific job still does that job."

Still, dealers are taking what actions they can to ensure that they won't be burned by low-end computer deaths again. Many, noticing the trend ven-

dors are taking, are merely upgrading their computer departments to include more sophisticated, pricier units to grab business.

Team Central, for example, just "hasn't carried those style (low-end) products for quite some time," a spokesman said. "We have the more expensive models, and when there is a return on an old unit, we'll send it to whatever service center (the vendor) has."

"The consumers drive us into a specific unit," said Prange Way's Dankwardt. "When we see they want something more sophisticated, we go for it."

The only foolproof defense a retailer has against product dropouts is to choose lines carefully. "You've got to pick the ones that won't go out of business," Dankwardt said, laughing. "Of course, there's no way of anybody knowing that."

Calm irate patrons with this handy list

NEW YORK—What can a retailer do with an irate computer owner screaming that his unit doesn't work or needs software despite the fact that it's been discontinued? Most vendors still have service centers operating, and customer service departments are designed specifically to help with such problems.

For retailers with just such customers roaming their aisles, complaints at the ready, the following is a partial list of telephone numbers (many of them toll-free) that can be useful in calming the raging beast.

Coleco	800/842-1225
Commodore	800/874-4799
Mattel	800/421-2826
Texas Instruments	800/842-2737
Timex (Little Rock repair facility)	501/372-1111
Triton (T.I. software)	800/227-6900

THIS IS A PLUG FOR STORMY WEATHER.



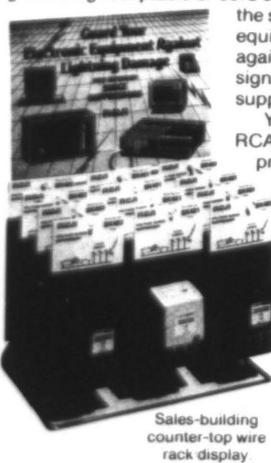
Forecast: Sunny Sales Picture for You.

RCA'S VOLTAGE SURGE SUPPRESSOR protects your customers' sensitive electronic equipment from damage due to transient voltage surges from such common causes as nearby lightning strikes, or load-switching within a building (the cycling of air-conditioning or heating systems).

Available in a 3-way version, SK403, and a single socket version, SK401, the suppressor plugs into any 15-amp, 125-volt grounding receptacle or cord connector. If constantly overloaded, the suppressor will cut off power to the equipment connected to it, guarding against unprotected operation and signalling the need for a replacement suppressor.

Your customers will want to buy RCA Voltage Surge Suppressors to protect their computers, TV sets, sound systems, microwave ovens and other electronic equipment. Every SK403 and SK401 has been tested before leaving the factory. So stock up today and keep appliances going after the storm.

Ask about our compact rack display. Available at RCA SK Distributors or write to RCA Distributor and Special Products Division, 2000 Clements Bridge Road, Deptford, N.J. 08096, Attn: Sales Promotion Services.



RCA SK Replacement Solid State

NEWSLINES COMPUTERS

Osborne out of Chapter 11 in time to offer public stock

FREEMONT, CA—Osborne Computer Corp. exited Chapter 11 protection Jan. 18, 1985, under approval of the U.S. Bankruptcy Court of the Northern District of CA, the firm said. The exit clears the way for the firm's limited public stock offering of \$3 million.

Osborne filed for protection under Chapter 11 in Sept., 1983 after two years as the prototypical "high-flying Silicon Valley Enterprise." Later that year a new management team received permission from the company's creditors and the court to do some restructuring. It has since eliminated a \$10 million debt, introduced two new products and announced the public stock offering.

According to the firm, fewer than 20 percent of businesses that file for Chapter 11 survive to exit.

Juki merges two divisions to increase its efficiency

SADDLE BROOK, NJ—The printer division of Juki Industries of America was merged with the Juki Office Machine Corp. Company officials said that since printers and electronic typewriters have become so similar, marketing the two together seemed like a natural move to increase efficiency.

Juki Office Machine is a wholly owned subsidiary of Tokyo Juki Industrial Co., which has marketed typewriters under the Sierra brand in the U.S. since 1981. The combined firms will be headquartered in Torrance, CA. Operations of the new printer division will be directed by vice president Hiroyasu Hagiwara.

Research group predicts bad times for PC vendors

BOSTON—Grim times may be ahead for smaller personal computer vendors, giving way to sensational buys for consumers, predicted the Yankee Group, a research firm based here.

The firm expects only a 33 percent increase in computer shipments and a 13 percent growth in revenues over 1985. By comparison, PC unit shipments doubled each year between 1982 and 1984.

NEW RELEASES

GAMES

THE HOLY GRAIL, Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$49.95.

MASTER OF THE LAMPS, Activision. Commodore 64-compatible. Available now.

ROCK N' BOLT, Activision. Commodore 64-compatible. Available now.

WEB DIMENSION, Activision. Commodore 64-compatible. Available now.

compatible. Available now. Suggested retail \$149.95.

PERSPECTIVES, Pioneer. Commodore 64-and Apple-compatible. Available now.



SCORE IMPROVEMENT SYSTEM FOR THE SAT, Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$99.95.

LEARNING

DISCOVER: A SCIENCE EXPERIMENT, Sunburst. Apple II-compatible. Available now. Suggested retail \$55.

"I KNOW IT'S HERE SOMEWHERE!" Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$59.95.

MAC THE KNIFE II, Softeam. Apple Macintosh-compatible. Available now. Suggested retail \$49.

MUSICWORKS, Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$39.95.

NUTRI-BYTE, ISC Consultants. Apple II-, IBM PC, IBM PC/XT-

PERSONAL FINANCE

ONE-WRITE PLUS, Evergreen. IBM PC-, IBM-XT-and MS-DOS-compatible. Available now. Suggested retail \$295.

Sharp unveils new stereo TV with home computer hookup

PARAMUS, NJ—Sharp has introduced a new line of audio and video products that includes a stereo television, two VCR's and four table-top color televisions.

The 25-in. color TV, the 25J750, has a multichannel sound circuit that can receive stereo broadcasts. The RGB connector allows hookup to a personal computer and the two input and output jacks allow connection of a VCR, videodisc player or videogame.

The remote control functions include 10-key channel selection, muting, channel flashback, TV/video in-

put selection, SAP/main mode selection and antenna input selection. The channel, time, volume level and the type of input being used are displayed onscreen.

Also included is a tuner for 82 VHF and UHF channels and 58 nonscrambled cable channels. In addition, the video integration (VI) jacks eliminate the need for manually changing antenna connections when switching from non-scrambled to scrambled cable channels.

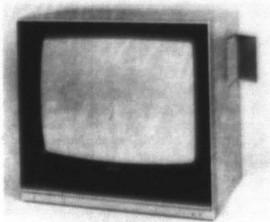
The unit comes with two headphone jacks and has a suggested retail price

of \$1,399.95.

Sharp's new VCR units are the VC-581U and the VC586U. The VC581U has seven-day/one-event or daily programmability, auto-rewind, eight-hour recording/playback capability and an eight-function wired remote control. It retails for \$499.95.

The second model designed for smaller spaces, with a height of only 3 1/4 in. It has 14-day/five-event programmability, a 14-function wireless remote control, 20-minute memory and a 105-channel cable-ready tuner with an automatic fine tuner. The set has a suggested retail price of \$779.95.

Sharp's other new color television sets include one 13-in. model and three 19-in. models. The 13-in. set,



Sharp 25J750 25-in. TV

the 13KM15, has the Linytron Plus in-line one-gun picture tube and automatic fine tuning and retails for \$299.95.

The 19KP15, which retails for \$369.95, is a 19-in. model with the same features.

Two additional 19-in. sets, the 19-KP35 and the 19KP55, both have random access tuning, automatic color control, fine tuning and 105-channel cable-compatible tuners. They retail for \$449.95 and \$499.95 respectively. The costlier model also has a 16-key random access remote control.

Sharp Electronics Corp., 10 Sharp Plaza, M, Paramus, NJ 07652.

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t also has
one-button

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CA 90220.

control TV

You sell a better home video people want to take it home.

incorporates Canon's optics technology for astonishing, clear pictures. And a newly developed 1/2" high-band Saticon® tube makes for superior resolution, even in extremely low light.

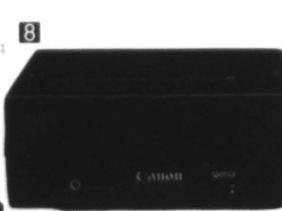
Equally impressive, in quality as well as size, is the new VR-E10 portable recorder. It weighs just 3.2 lbs., but it has a four-head design that records pictures with all the clarity of sight and sound you'd expect from much larger systems.

Hook this all up to the new VT-E10 tuner/timer and you can record up to four TV programs over a two-week period.

Canon is supporting the introduction of the 8mm system with a powerful advertising and promotion effort. Our new TV commercials and magazine advertisements, featuring baseball star Tommy John, will be seen coast to coast. And we'll supply dealers with a complete sales promotion package including posters, brochures and sales-training aids.

And in all, Canovision 8 is the biggest, and the smallest, thing Canon has ever done in home video. Canovision 8. Get close to life.

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New VR-E10 Portable Video Recorder



New VT-E10 Tuner/Timer



Canon Canovision 8

Get close to life.

Camera

n Canon.
proud to
tem that delivers

nd tuner/timer
s small, about the

VC-200A color
auto-focus
ower zoom lens

1. Norcross, GA 30071
Honolulu, HI 96814 (808) 521-0381

Signal processor retails for \$579.95

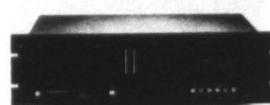
FOSTER CITY, CA—AudioSource has unveiled the AV-One, an audio/video selector and signal processor that controls a hi-fi/video system's sound and picture quality.

The unit has a 10-band single octave equalizer for audio frequency response, Dynamic Noise Reduction circuitry to decrease background noise, a built-in synthesizer that creates the illusion of a sound stage and detail and sharpness controls to enhance the video signal.

Controls are on the front panel. The unit has jacks for two VCR's.

The unit is 19 in. wide and can be rack mounted. It has a suggested retail price of \$579.95.

AudioSource, 1185 Chess Dr., M, Foster City, CA 94404.



AudioSource AV-One

Auto alarm sounds within 32 seconds

PALO ALTO, CA—Techné Electronics, manufacturer of auto security systems, has launched the Ungo Box TL1500 security system at a suggested retail price of under \$200.

This model is equipped with dual electronic motion detectors and activates 32 seconds after the last door, hood or trunk has been closed.

A bright red light flashes while the system is activated. The only other visible part of the system is a small mechanism containing the two control switches.

The system has a warranty that lasts for the life of the car.

Techné Electronics, 916 Commercial St., M, Palo Alto, CA 94303.

63RD ANNUAL

STATISTICAL & MARKETING REPORT

1984 added up to one of the best years ever in hardgoods retailing

It was a year the hardgoods industry entered with caution. Buoyed by a turnaround in 1983, executives in consumer electronics, major appliances and housewares were optimistic about 1984, yet uncertain that the good luck would hold.

But hold it did. And for many, it became a year in which records were broken and, perhaps, even a few legends born. Each group had its leaders—the VCR and the color TV in consumer electronics, the microwave oven and the air conditioner in major appliances, the (surprise!) iron in housewares. But, in general, sales across the board were good. There were few really big losers.

We already know 1984 was a big year (many ballpark numbers are out). But how did it break down, product by product, feature by feature, store by store? That is the thrust of this report.

On the next 23 pages, we're going to let the numbers do the talking. The charts will tell the tale. Each product section is led by a 5 Year Table, listing the major products and tracking their performance from 1979 through 1984, both in units shipped to retailers and in retail dollar volume. Following these tables come, product by product, Highlights charts which provide more detailed information about some of the products, including a breakdown on where they were sold.

Next comes the World Marketing section, listing imports and exports of selected products. Finally, the Market Profiles page wraps it all up, showing the rate of growth of each state in the union.

Tracking the trends

But what do the numbers tell us?

Looking first at major appliances, we find that while it was a great year for almost every product, microwave ovens and air conditioners provided the foundation on which the records were built.

On the retail side, appliance/TV stores seem to have lost some ground, particularly to the catalog stores such as Sears and Penneys.

There was also a trade-up trend in evidence, almost across the board. People were buying more expensive dishwashers, larger and higher-priced refrigerators, washers that offered greater capacity and more dryers with automatic cycles.

Only in microwave ovens was the opposite true. There, as more and more vendors rushed into the market with smaller and smaller ovens, prices and sizes both fell.

Trading up was also in evidence in certain categories in consumer electronics. While color TV sales were breaking all records, consumers were also buying larger screen sizes and an increasing number of units with remote controls and cable-ready features. And although autosound sales were fairly flat, people were opting for a higher-end, more-expensive purchase. Then too, in telephones, quality standard models and those with advanced electronics were the winners over inexpensive one-piece products of days gone by.

VCR's, like microwave ovens, were the major exception as prices continued to fall and a fairly basic product dominated the market. And although sales of portables did increase, they were not in line with those for tabletop units. Either the camcorder vs. eight-mm vs. everything else controversy had confused enough people to keep them out of the market altogether, or they just continued to be much more interested in time shifting and playback than in doing their own recording.

Nevertheless, people are using their VCR's, as evidenced by the fact that blank tape sales went through the roof last year.

Elsewhere in consumer electronics, the compact disc player spent its first full year on the market getting off to a better-than-expected start, even if prices were falling faster than what had been hoped for. And the electronic typewriter was breaking a few records of its own, bringing new vendors into

the arena with promises of some exciting new products designed to keep the market hot.

In housewares, while the year was relatively flat, there were still a few stars, especially the iron. If ever there was a case of a mature product being brought back to life, this is it. New features, thanks to electronics, and a boom in travel products have done wonders for sales.

Also doing well are a few air treatment products—lance, portable electric heaters and the relatively new ultrasonic humidifier. And the hand-held rechargeable vacuum has lost none of its strength, at least in units shipped.

All of which leads us back to just about the same point we were at 12 months ago—coming off of a good year, cautiously optimistic about the new one. Which bodes fairly well for our 64th annual report next year. Let's hope it records yet a few more broken records.

—Lee Rath
editor

How we did it

The data presented in *Merchandising's* 63rd Annual Statistical and Marketing Report is based on information provided by leading manufacturers (and/or their agencies) of the many product lines listed. While most of the information was gotten via mailed questionnaires, a considerable number of in-person and telephone interviews were conducted by *Merchandising's* editors in an attempt to make the number of respondents as sizable as possible.

Survey participants were asked to give their best estimates of the percent change in the number of units shipped, industrywide, for the particular line of merchandise in question. The period covered was the calendar year being surveyed as compared with the previous year. For this report, the 63rd in the series, the change requested was for 1984 vs. 1983. Where a potential respondent was not in considerable agreement with our estimate for 1983 (printed in March 1984), that informant was asked to provide his "corrected" 1983 figure. Respondents were advised that "shipments" as used in this study include products imported from foreign companies, but exclude products exported by U.S. manufacturers.

The number of units shipped in a particular year, therefore, represents the shipments of products available for sale in the U.S.

Readers are cautioned that all information published in this 63rd annual report is based on consensus rather than census. The questions asked of our respondents, whether by questionnaire or by interview, referred to their opinions of the industrywide changes rather than to individual company performances. None of the manufacturers were asked for the annual changes in their own company's shipments, or in retail prices of their own brand of merchandise. Instead, they were asked to indicate how much the overall total shipments had changed percentage-wise, and what changes there were in the average retail prices for the product category on which they were reporting.

It is understandable, therefore, that information that these manufacturers get from government agencies, market research companies, and their own trade associations (the Electronic Industries Association/Consumer Electronics Group, the Association of Home Appliance Manufacturers, the National Housewares Manufacturers Association among them) would influence the answers to *Merchandising's* questions and, therefore, the results printed here. In some cases, the consensus provided us was so supportive of the estimates distributed by one or more of the aforementioned associations, that the figure we published was very close to the one provided by that organization. In those cases where *Merchandising's* estimates were significantly different than that of a leading association, the reason was usually because of some differences in definition, or that we include imports, or exclude exports...or all of these combined.

The editors of *Merchandising* and its market research staff are grateful to the many manufacturers, and their agencies who gave us the benefit of their knowledge of these industries. This report and its many predecessors were made possible by their cooperation.

—Robert Leibson
research director

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Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and Pat Jagbandhansingh and Matea Baguerra, research associates. Telephone interviews were conducted by Stephanie Flory, managing editor, Jeffrey Cohen, Michael Garry and Mark Harrington, associate editors, Regine Eiseman, assistant editor, and Dan Davison and Laura Bowes, editorial assistants.

Design: Brabow Ink

63RD ANNUAL STATISTICAL & MARKETING REPORT

CONSUMER ELECTRONICS 5 YEAR TABLES

PRODUCTS	1984		1983		1982		1981		1980	
	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)								
VIDEO										
TV, B&W, Total†	5,068	518,048	5,761	613,623	5,750	625,784	5,542	615,559	6,149	684,891
Portable & Table	5,064	517,085	5,755	612,102	5,738	622,745	5,529	612,300	6,132	680,763
Console & Combo	4	963	6	1,521	12	3,039	13	3,359	17	4,128
TV, Color, Total†	15,946	7,296,520	13,939	6,695,209	11,377	5,840,732	11,282	5,864,969	10,855	5,283,773
Portable & Table	12,936	5,239,727	11,131	4,696,503	8,928	3,883,301	8,788	3,880,869	8,418	3,560,814
Console & Combo	3,010	2,056,793	2,808	1,998,706	2,449	1,757,231	2,474	1,784,100	2,437	1,722,959
TV, Projector†	192	346,725	142	284,924	117	277,242	121	271,878	77	209,902
Videocassette Recorders†	7,143	3,443,679	4,020	2,302,662	2,030	1,343,000	1,330	1,057,058	804	699,966
Video Cameras	484	380,347	410	357,992	284	265,443	186	186,309	115	120,056
Videodisc Players†	188	54,492	312	106,392	240	93,000	160	80,200	**	**
AUDIO/HIFI										
Autosound, Total†	21,815	1,953,264	21,132	1,850,886	20,741	1,772,897	19,823	1,655,596	18,362	1,486,839
UD 8-Track Player	133	3,427	300	11,040	506	22,497	708	34,982	871	47,034
UD 8-Track/Radio Combo	21	801	78	3,966	163	11,607	208	16,099	275	23,650
ID 8-Track/Radio Combo	362	12,569	819	43,079	1,343	110,905	1,722	152,914	1,950	214,500
ID Cassette Player	615	45,492	694	58,733	692	57,644	722	56,316	822	64,116
ID Cassette/Radio Combo	426	39,797	519	59,197	556	70,073	607	77,271	605	81,070
ID Cassette/Radio Combo	3,932	754,433	3,641	675,624	3,328	572,849	2,899	485,409	2,486	400,246
Radios Only (Retrofit)	932	94,384	975	104,150	1,057	112,687	1,082	120,492	1,188	137,808
Car Speakers (In Pairs)	14,635	936,055	13,427	833,817	12,479	759,722	11,303	662,921	10,165	518,415
Equalizers	759	66,306	679	61,280	617	54,913	572	49,192	**	**
Components, Total†	8,378	1,509,777	8,599	1,518,149	8,192	1,474,749	8,431	1,561,173	8,919	1,704,213
Receivers	1,553	391,356	1,550	390,213	1,421	380,970	1,440	419,746	1,465	414,595
Amps and Pre-Amps	351	360	694	166,869	365	166,217	358	173,058	349	160,966
Tuners	198	152,633	221	201	193	193	184	184	184	184
Turntables (Excluding OEM)	1,696	213,018	2,120	280,285	2,239	314,214	2,304	321,754	2,336	310,688
Speakers (Components Only)	3,302	464,922	3,237	452,144	2,970	418,206	3,197	453,814	3,735	623,578
Equalizers	188	22,960	186	23,179	160	19,840	155	19,375	134	16,348
Compact Disc Players	200	103,600	45	33,300	**	**	**	**	**	**
Tape Decks, Total†	890	161,288	880	172,159	836	175,302	784	173,426	716	178,038
Cassette	816	138,084	775	141,019	707	137,292	634	129,596	545	117,265
8-Track	26	3,236	39	5,004	49	6,570	60	8,460	68	10,200
Open Reel	48	19,968	66	26,136	80	31,440	90	35,370	103	50,573
Cartridges (Excluding OEM)	3,585	114,003	3,774	122,466	3,629	117,543	3,699	115,409	3,745	112,350
Headphones	3,090	133,612	2,809	125,225	2,584	114,058	2,241	113,041	2,080	180,173
Compact Systems, Total††	2,565	490,619	2,748	549,822	2,966	583,753	3,578	692,764	3,945	883,705
Cassette Bimode	92	17,295	76	13,607	83	14,890	77	15,015	80	14,880
8-Track Player Bimode	76	7,079	88	8,628	134	13,137	248	25,594	310	39,990
8-Track Recorder Trimode***	204	24,027	277	34,342	409	50,708	572	74,646	637	110,838
8-Track Recorder Bimode	96	9,348	107	10,966	158	16,276	274	29,099	321	56,817
Changer Bimode***	104	10,430	102	10,768	160	16,891	200	23,460	233	32,154
8-Track Recorder Trimode***	256	36,411	364	56,893	457	71,790	783	125,515	974	223,046
Cassette Trimode***	1,512	330,614	1,500	354,585	1,337	341,684	1,176	328,457	1,060	281,960
Cassette Quadmode***	225	55,415	234	60,033	228	58,377	248	70,978	330	124,020
Personal Portable Stereo, Total	7,156	**	6,253	**	5,652	**	**	**	**	**
Cassette Only *	3,575	**	3,250	**	2,910	**	**	**	**	**
Cassette and Radio	2,836	**	2,300	**	2,146	**	**	**	**	**
Radio Only	745	**	703	**	596	**	**	**	**	**
Portable Tape Equipment, Total†	27,494	1,335,613	28,903	1,441,226	28,050	1,474,088	28,093	1,587,512	23,366	1,447,186
Cassette Recorders	12,800	436,096	16,000	605,600	15,817	642,328	16,025	692,280	13,720	740,880
8-Track Players/Recorders	385	15,843	481	20,620	704	31,772	867	41,182	955	50,102
Radio/Cassette Combinations	13,745	853,015	11,880	784,318	11,000	768,460	10,700	823,900	8,282	629,432
Microcassette Recorders	564	30,659	542	30,688	529	31,528	501	30,150	409	26,752
Rack Systems	810	492,456	540	358,020	**	**	**	**	**	**
Radios, Total†	27,391	822,651	28,188	863,298	26,518	819,094	27,881	863,475	27,012	867,693
Table	728	27,897	762	30,739	768	31,296	986	41,215	1,053	46,332
Portable†††	17,132	409,797	18,225	449,429	17,161	419,072	17,493	424,555	16,613	382,099
Clock	9,531	384,957	9,201	383,130	8,589	368,726	9,402	397,705	9,346	439,262
ELECTRONICS FURNITURE										
Electronics Furniture, Total†	5,920	829,524	5,168	668,009	4,628	556,868	4,144	487,334	**	**
Audio (components)	959	150,400	887	139,108	820	125,485	863	129,500	**	**
Audio/Video Centers	173	69,351	149	56,885	145	54,705	127	44,432	**	**
Home Computer Tables	680	119,762	400	62,620	150	23,250	50	7,500	**	**
Microwave Oven Carts	766	109,048	651	88,263	611	80,223	575	71,875	**	**
Stereo Carts	98	5,889	119	7,627	132	8,525	160	10,830	**	**
Television Carts	2,551	233,544	2,332	205,682	2,172	182,411	2,088	167,043	**	**
TV/VCR/VideoDisc Player Carts	574	137,215	460	99,604	331	68,912	281	56,154	**	**
Videogame Carts	119	4,315	170	8,220	267	13,357	**	**	**	**

*Not broken out separately

†See Highlights charts for further breakdown

(See 'How we did it,' page 79, for credits)

**Category not reported

††All units include stereo radio

***Includes Changer

†††Excludes personal headphone type

63RD ANNUAL STATISTICAL & MARKETING REPORT

CONSUMER ELECTRONICS 5 YEAR TABLES

PRODUCTS	1984		1983		1982		1981		1980	
	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)								
PERSONAL ELECTRONICS										
Calculators, Total†	31,496	945,728	38,895	925,351	29,030	902,240	28,260	831,840	26,502	841,280
Hand-Held	26,500	471,700	26,023	458,694	24,492	456,285	23,905	409,481	22,288	419,514
Desk-Top	4,900	474,026	4,872	466,657	4,538	445,975	4,355	422,359	4,214	421,766
Electronic Typewriters	650	154,050	350	109,200	**	**	**	**	**	**
Non-Video Electronic Games†	9,130	**	14,047	**	14,045	**	16,539	**	19,702	**
Radar Detectors†	942	136,967	710	100,823	608	104,497	518	87,542	464	72,848
Radios, Citizens Band, Total	1,637	125,834	1,592	124,861	1,498	122,032	1,522	125,878	1,412	111,706
Base Units	160	16,034	155	15,850	161	16,382	162	17,350	169	17,238
Mobile Units	1,477	109,800	1,437	109,011	1,337	105,650	1,360	108,528	1,243	94,468
Radios, Specialty, Total	8,279	**	8,107	**	8,498	**	8,980	**	8,812	**
Multi-Band	6,402	**	6,258	**	6,594	**	7,022	**	6,768	**
Weather-Band	1,066	**	1,069	**	1,075	**	1,038	**	1,007	**
Scanners	811	**	780	**	829	**	920	**	837	**
Watches, Quartz, Total	53,947	1,769,564	54,939	1,732,271	**	**	**	**	**	**
Digital	21,697	415,064	24,939	502,271	24,274	611,219	23,595	625,268	21,163	623,030
Analog	32,250	1,354,500	30,000	1,230,000	**	**	**	**	**	**
TELEPHONE EQUIPMENT										
Cellular Telephones	85	161,500	**	**	**	**	**	**	**	**
Corded Telephones†	22,930	894,437	15,058	1,167,591	5,521	471,939	3,155	289,395	2,643	222,779
Cordless Telephones	5,500	598,400	4,488	610,368	987	167,790	422	**	241	**
Telephone Answering Devices†	2,628	298,015	2,094	263,844	868	131,936	697	111,520	579	92,640
COMPUTERS & VIDEOGAMES										
Personal Computers†	5,000	**	4,500	**	1,950	**	750	**	371	**
Videogames	3,125	194,188	6,280	487,768	6,542	846,862	4,010	519,095	2,806	327,909
SOFTWARE										
AUDIO										
Blank Audiotape, Total†	271,025	647,348	263,501	654,468	251,781	639,419	246,393	629,125	244,747	594,812
Cassette	260,969	584,571	251,855	586,822	236,344	562,499	228,147	542,990	218,689	487,576
Open Reel	7,109	59,005	7,317	61,975	7,567	64,092	8,018	70,077	8,864	74,812
8-Track	2,947	3,772	4,329	5,671	7,870	12,828	10,228	16,058	17,194	32,324
VIDEO										
Blank Videotape, Total†	98,353	924,891	61,690	725,204	38,423	551,931	26,711	409,649	15,316	257,604
Beta	25,392	224,465	15,870	175,364	12,207	158,591	9,361	128,058	6,028	90,420
VHS	72,961	700,426	45,820	549,840	26,216	393,240	17,350	281,591	9,288	167,184
Prerecorded Videotape, Total†	19,690	962,970	9,606	520,655	6,510	407,218	5,172	379,928	3,151	209,558
Beta	4,922	221,224	2,633	131,492	1,960	113,288	1,643	111,724	1,123	69,626
VHS	14,768	741,746	6,973	389,163	4,550	293,930	3,529	268,204	2,028	139,932
VideoDiscs	6,000	**	5,368	**	3,745	**	**	**	**	**
COMPUTER										
Blank Floppy Disks	241,250	**	193,000	**	119,000	**	**	**	**	**
VIDEOGAME										
Videogame Cartridges	51,250	765,163	68,320	1,699,802	61,000	1,525,000	36,000	972,000	**	**

**Category not reported

†See Highlights charts for further information

(See 'How we did it,' page 79, for credits)

63RD ANNUAL STATISTICAL & MARKETING REPORT

ELECTRONICS HIGHLIGHTS

PERSONAL ELECTRONICS, cont.

Non-Video Electronic Games

Non-video electronic game shipments by type

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Board (strategy)	-25.7%	29.5%	25.8%
Hand-held	-36.2	70.5	74.2
Total	-35.0%	100.0%	100.0%

Based on 9,130,000 units for 1984
and 14,047,000 units for 1983

Non-video electronic game sales by type of outlet

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Book store	-34.9%	2.0%	2.0%
Catalog showroom	-35.0	15.0	15.0
Catalog store (Sears, Penneys, etc.)	-40.9	20.0	22.0
Department store	-35.1	16.0	16.0
Discount store	-35.0	15.0	15.0
Electronics specialty store	-35.1	8.0	8.0
Hobby shop	-34.9	3.0	3.0
Toy store	-35.0	18.0	18.0
Other	+94.3	3.0	1.0
Total	-35.0%	100.0%	100.0%

Based on 9,130,000 units for 1984
and 14,047,000 units for 1983

Radar Detectors

Radar detector sales by type of outlet

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Appliance/TV store	-14.3%	2.0%	3.0%
Automotive supply store	+52.5	16.0	14.0
Catalog showroom	+24.8	16.0	17.0
Catalog store (Sears, Penneys, etc.)	+5.6	12.0	15.0
CB specialty store	-11.6	4.0	6.0
Department store	+123.8	5.0	3.0
Discount store	+10.2	15.0	18.0
Truck stop	+52.5	16.0	14.0
Electronics specialty store	+88.0	10.0	7.0
Other	+81.0	4.0	3.0
Total	+32.7%	100.0%	100.0%

Based on 942,000 units for 1984
and 710,000 units for 1983

TELEPHONE EQUIPMENT

Corded Telephones

Corded telephone shipments by type

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Standard	+84.6%	52.3%	43.2%
One-piece	+0.2	24.0	36.5
Decorator	+17.6	10.6	13.7
Advanced electronic	+200.0	13.1	6.6
Total	+52.3%	100.0%	100.0%

Based on 22,930,000 units for 1984
and 15,058,000 units for 1983

COMPUTERS &

VIDEOGAMES

Personal Computers

Personal computer shipments by price range

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Under \$500	+14.5%	34.0%	33.0%
\$500-\$800	+21.2	12.0	11.0
\$801-\$1,000	+19.7	14.0	13.0
\$1,001-\$1,500	+17.0	20.0	19.0
\$1,501-\$2,000	-4.8	6.0	7.0
\$2,001-\$2,999	-8.5	14.0	17.0
Total	+11.1%	100.0%	100.0%

Based on 5,000,000 units for 1984
and 4,500,000 units for 1983

Personal computer sales by type of outlet

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Appliance/TV store	+11.1%	3.0%	3.0%
Audio/hifi specialty store	+11.1	5.0	5.0
Catalog showroom	-25.9	4.0	6.0
Catalog store (Sears, Penneys, etc.)	+27.0	8.0	7.0
Computer specialty store	+5.7	39.0	41.0
Department store	+77.8	8.0	5.0
Discount store	+29.6	7.0	6.0
Electronics specialty store	0.0	18.0	20.0
Hobby/toy shop	+11.1	4.0	4.0
Office supplies store	+11.1	2.0	2.0
Other	+122.2	2.0	1.0
Total	+11.1%	100.0%	100.0%

Based on 5,000,000 units for 1984
and 4,500,000 units for 1983

Telephone Answering Devices

Telephone answering device sales by type of outlet

	% change in units shipped 1984/83	% of shipments 1984	% of shipments 1983
Appliance/TV store	+25.0%	4.0%	4.0%
Audio/hifi specialty store	+109.5	5.0	3.0
Catalog showroom	+63.6	13.0	10.0
Catalog store (Sears, Penneys, etc.)	+25.5	12.0	12.0
Department store	-0.6	19.0	24.0
Discount store	+6.3	22.0	26.0
Electronics specialty store	+61.2	9.0	7.0
Office supply store	-6.0	3.0	4.0
Phone specialist	+25.0	8.0	8.0
Other	+211.9	5.0	2.0
Total	+25.5%	100.0%	100.0%

Based on 2,628,000 units for 1984
and 2,094,000 units for 1983

(See 'How we did it,' page 79, for credits)

NEWSFEATURES

To keep prices low, Frontier limits the use of credit cards

(Continued from page 59)

onto its customers through lower prices. "We don't have to attract a lot of shoppers in order to get actual buyers," Stan explained. "People come here because they know that the prices will be low, and if anything goes wrong, we will service the item. We never refer customers to a service center where they don't know anyone."

Frontier also pares down prices by not accepting bank credit cards such as Visa and MasterCard unless the customer wishes to pay an additional 2.5 percent of the item's price. "We will carry customers for 90 days ourselves without an additional charge," Stan said.

"Some customers use their credit cards and pay the additional 2.5 percent. But they realize that we are trying to give them the lowest price possible by slicing any costs that we can," he added.

Only two special sales are held during the year, on Valentine's Day and around Thanksgiving. "We keep prices low year-round," Stan said. "The store doesn't work on percentages for markup, but on dollars." For example, on a \$1,000 item, Frontier might add \$100 to \$115 in order to obtain a profit.

Sales finalized by phone

Many of the store's sales transactions are finalized over the phone. "A lot of people call up to order the top-of-the-line GE side-by-side refrigerator," noted Tracy.

When *Merchandising* visited Frontier, a customer called and asked about dishwashers. Arlene described the GE models and mentioned the features of each unit and the prices. Five minutes later, she hung up and turned to Tracy with an order slip for next-day delivery.

This is not an unusual occurrence, Arlene said. "Customers are very knowledgeable today. They read the

Combination units gain in furniture marketplace

(Continued from page 49)

ing the system fit the rack, consumers can now make the rack fit the system," Housman explained.

O'Sullivan has made popular units in the past but has not unveiled any new models this year. National sales manager Tom O'Sullivan said that the company is "taking a wait-and-see attitude. We want to see which sizes of components are the most popular before we make units for them."

Wood and vinyl veneer were not the only designs to be found among the furniture. Several of the companies have high-tech units in black glass and chrome. O'Sullivan has a 19-in. and a 25-in. video monitor stand, and Case has modular units in acrylic lacquer with glass doors.

Fournier is the only company showing high-tech grey units for audio and video components. "Up until now, the only people who made stands to match a grey TV were the manufacturers who made the TV," said Bradley Boucher, vice president, sales.

All of the manufacturers agree that the types of units that will be extremely popular in 1985 are those that are designed for several audio and/or video components, like home-entertainment centers and TV/VCR racks.

ads and talk to friends and relatives. Many people probably also shop around in other stores."

The biggest monthly expense which the Essigs incur is their business phone bill, which includes a monthly charge for a Yellow Pages ad. But the money is well-spent, they feel, since many customers let their fingers do the walking.

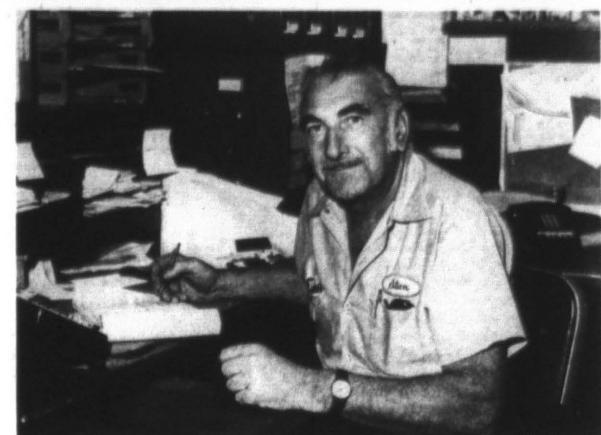
"Many people do not like to shop," Arlene said. "They don't mind spending time on the phone or reading, in order to acquire the information which they need to make a wise choice. However, they don't like fighting traffic, trying to find a place to park, or hauling cranky children along."

Arlene emphasized that sales clerks on the phone must be well-informed about all merchandise and tuned into selling. "The potential customer has given you a chance to sell and it's up to the clerk to make the most of it. He can't just say, 'Yes, we have this model priced at \$299.50—the clerk must explain features and qualify the customer.'"

Since Tucson is an area where lightning often strikes, damage can occur to customers' TVs. "Solid-state sets cannot take spike voltage," Stan noted. "Damage can sometimes result even if a set is not turned on."

To protect their customers, several insurance companies have contracted with Frontier on a carte blanche basis. "If I verify that lightning has caused damage to a customer's TV, the insurance company will pay the claim," Stan said.

Frontier is also a base contractor for local Air Force installation and has



VERIFYING LIGHTNING DAMAGE to TV's may be an unusual service, but it's one that's needed in the Tucson area, where such dangers are often realized. So Stan Essig, owner of Frontier, performs this service for insurance companies who reimburse his customers.

Often, the company will also request an inspection by Frontier after fire damage has occurred and the house has been put back together. "They want to make sure that everything is in order. Connections for all appliances must be safe so that the company is free from liability in subsequent claims," Stan noted.

Frontier is also a base contractor for local Air Force installation and has

been approved to repair TV's for them. "Often we receive 10 sets at a time to fix," Stan said.

The personal relationship which Frontier has with its customers is a source of satisfaction for the Essigs. "When your business and personal life are meshed, like ours are, the mom and pop appliance store seems like the best possible way to do business," Stan pointed out.

Peripheral customer is looking for function, not brands

(Continued from page 44)

priced unit (it retails for \$139 and will probably be marked down to \$99) is an excellent "starter" model for people who might eventually trade up.

Because of Ergo's confidence in the unit, Meyering said the company has not introduced any new models this year. "1985 should be a good year for us. Commodore and Atari's introduc-

tions open the door," he said. Meyering also isn't worried that potential customers might slip away by purchasing printers made by the computer giants.

"I think the consumer today doesn't buy a brand when he's looking for an accessory. I think he realizes that he may be able to get something of equal value at a lower price if he shops

around," Meyering explained. Furthermore, Meyering said, "We don't intend to be undersold. We want to maintain our low-end price leadership."

At Gold Star, sales manager Richard Filippo of the Chicago office said he is seeking a 10 percent increase in monitor sales over 1984. Part of the reason is the firm's increased visibility in the market.

Upgrades raise image

"We are a lot better known within the monitor community than we used to be. And both Apple and IBM sales are helping us because some people want to upgrade their systems with a high-resolution model," Filippo pointed out.

He added that Gold Star is planning to introduce several new monitors sometime during the first half of 1985. Included will be a model designed for the IBM line of personal computers.

One firm that has unveiled several new printers recently is Epson, where product marketing manager of the computer products division Dennis Cox said he is expecting a 30 percent increase this year over 1984 sales. And last year was a fairly good year, he added.

One of the firm's new models is the Comrex CR220, which is designed for the Commodore line and will sell for \$199.95. Also new is the HomeWriter 10, a model which uses an interface card enabling it to be compatible with any Atari or Commodore model in addition to the Apple IIc and the IBM PCjr. The printer itself will sell for \$269 and the interface card will be an extra \$60, bringing the total package to \$329.



A 30 PERCENT INCREASE in printer sales is expected by Epson's product marketing manager, Dennis Cox, and last year was a pretty decent year to begin with. Other suppliers are finding that peripherals are more than legitimate sources of profit.

Merchandising

A CRALLA PUBLICATION

APRIL 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS



Reshuffling the deck in Housewares

Mergers, spin-offs and leveraged buyouts change the face of the industry

Also in this issue:

Targeted for growth:
Vendors aim products
at the home office
market

Small video store's
quirky personality
makes it a standout
among competition

Marketing means
movement in the
competitive computer
software arena

Pressure builds
for import restrictions
on consumer
electronics

TRENDINGS IN COMPUTERS



Target specialized markets to strengthen software sales

With some 27,000 personal computer software programs now available, more suppliers are taking a closer look at vertical markets. As a result, everything from personal computer software which scolds dieters for overeating to a program which helps oenophiles organize their bloated wine cellars is now available.

Although vertical software is far from a new phenomenon, the market for software with very narrow applications is expected to grow annually over

the next five years from \$524 million to \$3 billion, according to InfoCorp, a market research firm. Since many of the programs now available are so tightly tailored to specific needs, profit margins may be as high as 37 percent, compared to only 20 percent on general software programs.

Yet the majority of programs are so specialized, they undoubtedly appeal to consumers who don't own personal computers. By bundling microcomputers with vertical software packages, such as for freelance writers,

accountants, lawyers or even dog catchers, retailers can kill two birds with one stone.

In order to push sales of vertical software programs bundled with hardware, retailers need to study their markets with a fine-tooth comb. Are there lots of small businesses in the area? Many business owners may have an office within their homes, and there are specific software programs to suit their needs.

For those retailers who choose to pursue an even more limited market segment, such as the medical profession or the legal field, employing a consultant would help eliminate a lot of headaches. Although the cost for a professional's expertise could be high, the investment could be worthwhile in the long run.

Everybody cooks!

But all of the vertical software programs now available are not quite as specialized. For example, almost everybody cooks at home (even if that means just throwing a can of tuna fish into a food processor, as one male editor here puts it). There are a number of software programs available which can help everyone from the novice cook to the professional chef organize and locate recipes in a snap.

For those women who need to shed a few pounds to squeeze back into last season's bikini, there is software available to assist them. One new program which recently hit the market, Nutri-Byte from ISC Consultants (compatible with IBM and Apple), addresses the continuing problem of behavior modification in dieting.

Although a computer cannot slap naughty dieters on the wrist for sneaking a piece of chocolate cake, it can help them identify factors which influence eating habits. For \$149.95, Nutri-Byte also helps the dieter track calorie and nutrient intake.

With summer just around the corner, dieting is on almost everyone's mind. But there are a number of other vertical software programs available which are also very seasonal in nature.

Right before April 15, income tax returns are haunting everyone. Retailers should bundle income tax assistance software with hardware starting in January to spur sales.

To reach the student market, find out when Scholastic Aptitude Tests are offered throughout the year. Target prospective college students through newspaper ads and perhaps through schools. Consider pushing lower-priced hardware with the suitable software to fulfill their needs.

No matter what vertical program you are trying to sell, allow consumers to interact with the hardware and the programs in the store. Self-running demos for all bundled packages should be highlighted to spur interest.

Set up computers with a word processing program to the right, electronic spreadsheets to the left and dieters' behavior modification smack in the middle. After all, there's nothing worse than a blank personal computer screen staring the consumer in the face.

It might be just the time to take a more serious look at the vertical software business. Maybe the next specialized program available will teach my cats how to read.

This month's Trendings in Computers was written by managing editor Stephanie Flory.

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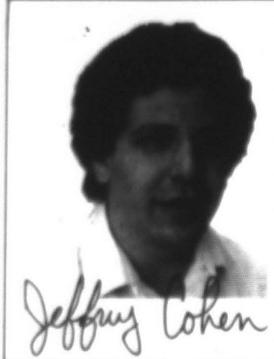
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TRENDINGS IN VIDEO & AUDIO



Jeffrey Cohen

Parker Brothers offers Clue to prerecorded diversification

Imagination is a wondrous thing. Coupled with ingenuity, it can expand the horizons of any concept, no matter how narrow that idea may seem on the surface. Need evidence? Consider the VCR version of Parker Brothers' Clue.

You know Clue. It's that game where Mr. Mustard does in Miss Scarlet in the drawing room with the candlestick. Lauded in song and story, Clue has become a modern detective cliché. Movie private eyes have been seen using the game to limber up. In

short, everybody knows Clue.

But the game itself would seem to have, let's say, limited expansion capabilities. It consists of a board, with various rooms marked as homicidal environments, tiny plastic weapon replicas and cards identifying various characters, all of whom are named for colors. One gets bumped off, and the next thing you know, everybody's a suspect. The first person to figure out who did in whom where and with what wins the game.

Another product that would seem to

have narrow possibilities is the pre-recorded videocassette. You can rent them or you can sell them, you can market theatrical movies or you can make your own, but that's about it. All a consumer can do is sit in front of the TV, guzzle a brew or two and observe. There is no participation, and no alternative, right?

Wrong.

The wizards at Parker Brothers, who came up with Clue to begin with, refused to accept the conventional wisdom that says a board game is a board game and that's all. Wanting to find a natural outlet through which to tap the overwhelming consumer interest in electronics, the product development guys came up with the idea of interactive VCR games: that is, games in which the VCR is an integral part that demands close scrutiny, deduction and, if you'll forgive the use of a dirty word in the prerecorded industry, participation. The first title they adapted to this format was Clue.

So a Victorian mansion set was built, actors were hired, clothes in Peacock, Scarlet, Green, Mustard and so on were rented, and a video program lasting about an hour or so was recorded. A very polite butler serves as the consumer's guide through all the mayhem, and he explains the rules (which are complicated) very carefully and fully at the outset.

As befitting a game with this title, clues are abundant—in fact, overabundant. But red herrings are numerous, so the viewer/player can never really know what is or is not important. Once the segment being played is finished (there are seven), the deducing begins, based on a series of questions and statements about the tape just shown. No fair scanning backwards. From there, the game plays in a similar (though not identical) manner to the board game Clue.

Issues a challenge

But the game proves more than the fact that a board game can be adapted to the home screen. It opens up possibilities for prerecorded cassettes that had been left unconsidered before. It proves that just because a tape is prerecorded doesn't mean it always has to be used in exactly the same way. And it issues a challenge to the prerecorded video industry—find new ways to use your medium.

Note, for example, that it is Parker Brothers, and not Parker Brothers and Vestron, or Parker Brothers and Embassy Home Entertainment, or Parker Brothers and anybody else, who is marketing the VCR version of Clue. Here was a golden opportunity for the industry to broaden its horizons, and it stood idly by while others blazed the trails. Do the prerecorded suppliers really believe that audience participation must be limited to fat people struggling to keep up with Jane Fonda?

With VCR penetration reaching a quarter of America's TV households this year, somebody has to wake up to the fact that just selling and renting movies is not enough to keep all those machines busy and vital parts of people's lives. Perhaps Clue is a novelty now, and maybe it's a frivolous example (and maybe not), but the fact is it represents a totally new use of VCR technology, and this time the video industry was not at the cutting edge. If the video business isn't careful, a large possibility is going to slip through its fingers. But it's not too late.

All it takes is a little imagination. ●

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Merchandising COMPUTERS

Videotex firms aim at the home computer user

By Debbie Rosenblum, field editor

ENCINO, CA—While sales of home computers have yet to be impacted by videotex, industry sources are convinced it's just a matter of time.

Where in the past, videotex has been accessed through a dedicated terminal, the three broad-based services now available have offered or plan to offer software which will allow them to be accessed through a home computer. The same goes for startup videotex operations that are expected to come on line within the next year or so.

Representatives from all the companies interviewed by *Merchandising* agree the consumer prefers the computer over a dedicated terminal for one simple reason: value. One simply gets more utility out of the former than the latter.

Admittedly, it will be a few years before videotex is accepted and used by households on a widespread basis. However, interest is high. The luxury of doing such tasks as banking, shopping and booking reservations from home at any time of day has enormous appeal among Americans, particularly those with limited free time.

That fact is reflected in the demographics of today's subscribers. Most are married professionals or executives with annual salaries exceeding \$35,000. They work long hours leaving little time to spend with their families and friends. Videotex provides them with a means to manage their time more efficiently.

The first service to come on line was Viewtron, which operates under Knight-Ridder's Viewdata Corp.

Launched in November '83, the southern Florida service had signed 3,400 subscribers by the end of '84.

Until this past January, subscribers could access the system only through a dedicated terminal, AT&T's Sceptre. Now, however, they have a choice. Software has been developed and is on the market for the IBM PC and its clones.

"The IBM PC is predominantly an office computer," observed Mary Bulterman, Viewdata's marketing coordinator. "We don't expect homeowners to run out and buy one just so they can subscribe to Viewtron without the use of a dedicated terminal."

But she continued, "We do expect to see that happen when we're available through the IBM PC Jr. and Commodore and Apple products. We hope to be accessible through at least one of those before the end of '85."

In preparation for PC access, the company dropped its subscription price in February from \$39.95 to \$24.95 a month. The \$39.95 fee included rental of Sceptre.

This past fall, two other companies

(Continued on page 53)

Nothing tackles scores, stats, and analysis like The Viewtron Channels.



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The channel map over TV sets Viewtron's original world of education and fun.

Finally your TV set can start paying dividends.



See The Viewtron Channels at selected AT&T Phone Centers.

The channel map over TV sets Viewtron's original world of education and fun.

CONSUMER EXCITEMENT over videotex services is expected by Viewdata Corp. when the firm's Viewtron service becomes available on one of the mass market home computers by the end of this year.

Puts saturation at 10.5 million units:

Expert explains sluggish home computer biz

By Nancy Markov, field editor

CHICAGO—What's holding back home computer sales?

Perceived high price points, the belief that better is always just around the bend and a lack of value ascribed to the product are all reasons why many consumers are not buying. So

reported Jeanne Dietsch, president of TALMIS, speaking at the market research and consulting firm's fifth annual conference held here recently.

"Saturation didn't go up as much as the industry thought it would in 1984," she stated, estimating that this January the installed base of home units (any computer located in the home regardless of source or kind) had reached the 10.5 million mark.

To help build that base, many hardware suppliers have now taken aim at the central position of the marketplace. "The low-priced computer has lost ground," Dietsch said. "The definite trend among consumers is to trade up from the low-priced Commodore to the Apple where the IIc is the big winner, with the IBM PCjr coming on strong. Commodore, with its proposed Amiga introduction, is trying to work its way up. From the market standpoint, the new offering should hit the price point of the IIc."

She noted that there would not really be any major change in the hardware business until machines like the Amiga come in and force prices of the Macintosh-type product down to a more universal mid-range.

Home interaction weak

Not surprisingly, most consumer interaction with a computer still takes place outside the home, reported Dietsch. TALMIS research showed that 69.3 percent of those surveyed had no interaction with computers; 21.2 percent were exposed to them at

work; 18.1 percent at school. Only 11.3 percent interacted with computers in the home.

She added, "The primary predictor of whether a household will have a computer is whether there are children living in the home. Of the people surveyed who own a computer, 47 percent of them live in households of four or more people. Only 13 percent of the owners are in single-person households."

The TALMIS report showed considerable shifts in brand share against the breakdown in 1984, said Dietsch. IBM registered eight percent, up five percentage points; Apple 17 percent, up eight points; Commodore 25 percent, down two points; Tandy 12 percent, up one point; Texas Instruments 17 percent, down four points, and other suppliers 11 percent, down four points.

As market share among hardware brands is shifting, so too is the type of software the consumer is buying for his home unit. In 1985, she predicted, there should be a strong trend toward productivity programs.

Research showed that accounting programs will account for seven percent of the units sold this year compared with five percent for 1984; filing will be up one percentage point to five percent; education up six points to 22 percent; games down 14 points to 46 percent; systems up four points to 12 percent; word processing will remain at six percent, and other areas will be

(Continued on page 59)

Seminar: We need software that is unique, well packaged

By Nancy Markov, field editor

CHICAGO—A total marketing program must be instituted by all facets of the computer software industry in order to maximize product sell-through. That was the consensus of the members of the What Sells Software seminar at the fifth annual TALMIS Conference.

It's not enough to just offer good programs, they said. Marketing software must also concentrate on producing products that are unique, that are backed by a reputable publisher, that are well packaged and that are carefully advertised. Then, at the retail level, they must be displayed well and priced right.

Finally, the retailers must rededicate themselves to making the category a success. As one panelist put it, just placing product on the shelf and expecting it to move is not going to do the trick.

Speakers included Richard Fontaine,

president, Ingram Video and Software; Sheryl Stebbins, merchandise manager, Waldenbooks; Jorday Levy, vice president of marketing, Software Distribution Services; Modie Katz, chief executive officer, Soft-Kat, and Fay Paras, educational software manager, Midwest Visual Equipment Co.

Needed: unique product

In a marketplace where there is a constant flow of new titles, marketers must make more of an effort to avoid the me-too product syndrome, said the panelists.

"Software is easier to sell if it improves or replaces something the consumer is already familiar with. But a little me-too can go a long way," said Fontaine.

In choosing what to bring to market, "We look for saleability," he said. "And we ask: What are the elements that will allow us to sell this program?"

(Continued on page 39)

NEWSLINES COMPUTERS

CUPERTINO, CA—Apple Computer announced the seizure of approximately 280 personal computers from three companies who allegedly manufactured and distributed computers that violate Apple's copyrighted computer programs and patents.

Following a court order, the Taiwan-manufactured computers, known as the Eve Portable and Eve II personal computer, as well as company records, were seized from New Jersey-based companies Computer Technology International, Eve Computer Corp. and Micro Merchants. A preliminary injunction issued by the U.S. District Court of N.Y. restrains the companies from copying or selling any equipment allegedly containing copies of computer programs owned by Apple.

Apple's suit claims that the defendants have violated the U.S. copyright laws by copying Apple's operating system software in ROM and further infringed on the copyright through the unauthorized use of a product known as the S&H Utility diskette.

WALNUT CREEK, CA—Trying to make it easier to sell software and peripherals, a company called One Point has introduced an in-store tool that offers information about more than 7,000 products, primarily for the IBM PC and the Apple Macintosh. The firm's on-line network makes information, reviews and other data available by product name, manufacturer name or by what the product does. And it's designed for use by anyone—right down to the most inexperienced clerk.

Retailers can get One Point's "key" diskette (available for the PC or the Macintosh) for free. It then costs \$30 per hour to access the network. Some 6,000 stores are expected to be using the service by year-end.

MANAGEMENT MOVES—Bruce Twickler has been appointed president of Hayden Software Co. He was previously the organization's senior vice president... Eric Lott has taken a position as vice president of sales for Soft-Kat. Lott previously was president of the Computer "Aware" Group... Joseph Graziano has resigned as chief financial officer for Apple. He departed to pursue other interests. He has been replaced by David Barram, who was previously chief financial officer and vice president of finance and administration at Silicon Graphics, Inc.

PROMOTION PIECES—Datasoft is offering a \$5 mail-in rebate with the purchase of a designated software product. The limited offer runs through Aug. 31 and specially marked packages will have a \$5 rebate coupon enclosed... 3M has organized a merchandising aids program to support its Scotch-brand personal computer products. Included in the media promotion package are a videotaped "clinic," a full-color counter mat, banners, tent cards and danglers... Soft-Kat has printed one million copies of its 1985 Educational Software Catalog. The full-color catalog is 112 pages long and contains descriptions of more than 1,000 programs from 64 software publishers... Any Kaypro dealer who buys three Small Business Paks can sign up for a direct mail program designed by Chang Labs. The program is formulated to bring qualified small business prospects into computer retail stores, and it centers around a free "how to computerize" book offer. Chang will send out about 1,000 postcards to small businesses in participating Kaypro dealers' areas.

TALMIS software panel calls packaging key

Continued from page 37

Why should it be offered? Technically good product may not be enough. What will communicate to the customer why he should buy it?

One element, the panelists indicated,

is the reputation of the publisher.

Stebbins said that when she buys products for her 910 stores, the publisher's track record is always a prime consideration. "Especially over the past year, we look at the terms the product is sold under such as price protection if retail drop, stock pricing, product return policies and the longevity of the firm involved."

Packaging is crucial, too.

When Waldenbooks went chainwide with software distribution last fall, it asked publishers for a different kind of packaging. They responded with the "book" form of box.

Thin packages just didn't sell the product, said Stebbins. "The book form works much better."

Now she would just like to see an industrywide move to color coding, so that customers could easily tell which discs would run on their hardware.

"We started color coding our catalog," said Katz. "We wanted to make it simpler for the customer. If it is simple, it will generate more business."

Said Levy, "We would welcome color coding, but I doubt that the publishers will get together to do it. There are hundreds, even thousands of them. And some key people feel that their own way is right; they wouldn't participate. It's something that won't happen in the short term."

The same problem carries over into display techniques.

"It may not be wrong to organize software by machine for now and then switch to organizing by product application when the industry reaches the 25 to 30 percent saturation level," said Fontaine.

Nevertheless, with such a bewildering array of software packaging on the market, the retailer needs to make the area stand out, he said. "But there is no one right answer."

"We're working with a couple of different display methods," said Stebbins. "At the end of November, we put in software endcaps on which we can face out 15 titles. Yet we still don't know if the customer is looking for a specific title or for software for a particular computer."

Pricing is also an important element for Stebbins, who noted that even with business software, "We generally hit resistance at over \$50."

National advertising is crucial

Although the panelists agreed that national advertising is needed to build both sales and brand recognition, it's just not practical yet on the large scale, they said. "There is only seven percent penetration of computers in the home," Levy pointed out. And that's not enough to make a national ad program practical.

Although national advertising will be necessary in order for the publishers to establish brand awareness, "names like Proctor & Gamble, Coke, etc., have been built up over many years and at the cost of billions of dollars," Fontaine pointed out.

"We've worked our way through the 'Baggies' stage of packaging," he added.

ed. "Now we need to work on the advertising."

In the meantime, Waldenbooks is bringing out a newsletter in an effort to bridge up the gap. "It lets the customers know what titles are new and what we're supporting," said Stebbins.

Not all retailers are doing as much. The vendors on the panel complained that many fail to merchandise the category properly. And as a result, "product is backing up and sitting there," said Fontaine.

Levy added, "We find that in the chain-type operations and mass merchandisers that buyers are often not dedicated to the business. They also buy phones or some other category. These are the people sitting on tremendous inventories."

Such buyers are easily influenced

when it comes to selecting products, he added. But, at the same time, the consumer is becoming more selective.

"We see a fair number of retailers getting out of the computer software business at a time when they should be getting in," said Fontaine. "They say the return on investment is just not satisfactory. They're disenchanted. Yet there is a place for them if they construct their business to reach their consumer base."

"It's important to make a commitment," added Levy. "One big retailer—Circuit City—recently pulled out of the business. But it never made a commitment to the category. It thought if it put the software on a shelf it would sell. But training and demonstrations are necessary to establish a position in the marketplace."



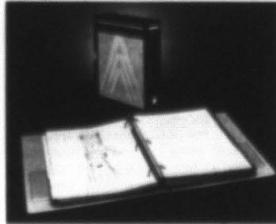
RETAILERS MUST COMMIT to software in order to sell it well, according to the TALMIS software seminar: (from left to right) Richard Fontaine, Ingram; Fay Paras, Midwest Visual Equipment; Sheryl Stebbins, Waldenbooks; Jordan Levy, Software Distribution Services; Modie Katz, Soft-Kat; and Brian Chin.

MERCHANDISING COMPUTERS/NEW RELEASES

GAMES

MASTER OF THE LAMPS, Activision. Commodore 64-compatible. Available now.

TELECHESS, Brainpower. Apple-series compatible. Available now. Suggested price \$69.95.



LEARNING

APPLE STARTER KIT, Artsci. Apple IIe, IIc-compatible. Available now. Suggested retail \$199.95.

AUTOCAD 2.0, Price Electronics. IBM PC-compatible. Available now.

THE DA VINCI BUILDINGS, Hayden. Apple Macintosh-compatible. Available now.

DISCOVER: A SCIENCE EXPERI-

MENT

Sunburst. Apple II-compatible. Available now. Suggested retail \$55.

DISK REPAIR KIT, Penguin. Apple II series-compatible. Available now. Suggested retail \$29.95.

ENSEMBLE, Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$299.95.

GET ORGANIZED, Electronic Arts.

IBM PC series-compatible. Available now. Suggested retail \$99.

HAYDEN:SPELLER, Hayden. Apple Macintosh-compatible. Available now. Suggested retail \$79.95.

MAC THE KNIFE, Softteam. Apple Macintosh-compatible. Available now. Suggested retail volume I, \$39; volume II, \$49.

MAKING MUSIC ON MICROS, Random House. IBM series. Apple series-compatible. Available now. Suggested retail \$69.95.

NUTRI-BYTE, ISC Consultants. IBM PC series. Apple II series-compatible. Available now.

PERSPECTIVES, Pioneer Software. Commodore 64-compatible. Available now.

READING PROFESSOR, Artsci. Apple II series-compatible. Available now. Suggested retail \$59.95.

SCORE IMPROVEMENT SYSTEM FOR THE SAT, Hayden. Apple

Macintosh-compatible. Suggested retail \$99.95.

SMARTCOM II, Hayes Microcomputer Products. IBM PC. Apple Macintosh-compatible. Available now. Suggested retail \$149.

PERSONAL FINANCE

ONE-WRITE PLUS, Softteam. IBM PC, XT-compatible. Available now. Suggested retail \$295.

PC/TAXCUT, Best Programs. IBM PC-compatible. Available now.

PC/TAXCUT PLANNER, Best Programs. IBM PC-compatible. Available now. Suggested retail \$39.95.

STOCKPAK II, CBS Software. IBM PC series. Apple II series-compatible. Available now.

MERCHANDISING COMPUTERS/PRODUCTS

GE introduces peripherals suited for several systems

SYRACUSE, NY—General Electric has launched a new line of computer peripherals compatible with many home computer systems. The line includes a letter quality printer with interfaces, program data recorder, direct/acoustic telephone modem and monochrome and color that double as televisions.

The letter quality printer, model 3-8100, has full graphics capability, two printing speeds, 25/30 characters per second, and variable width print modes. The printer can use a variety of plain or thermal papers—rolled, fan-fold or cut sheet. It has high resolution 16 dot matrix print quality and is compatible with Atari, Commodore and IBM PCjr computers using the GE printer interfaces. The interface modules and cables mount on the printer and require no external power source.

The model 3-8150 interface emulates Atari and Commodore printers and operates in either the transparent or emulation modes. Model 3-8160 interfaces with the IBM PCjr. The suggested retail price for the printer is

\$299.95 and the interfaces are \$89.95.

The telephone modem, model 3-8200, allows accessing of data networking services via hard-wire phones with an acoustic couple via a modular jack phone with the direct mode. It can also operate with nine-volt batteries for use away from home or when AC power is unavailable. Automatic features include a power on/off switch with LED to signal when the modem is ready to receive or send transmissions, as well as automatically switchable answer/originate modes. Once tied into a database, the modem will automatically



GE computer peripherals

ly switch for both full and half duplex operation. The suggested retail price for this modem is \$119.95.

The model 13BC5509 13-in. color monitor and model 12XR5204 12-in. black and white monitor have 80 character-per-line displays and a display reduction capability to prevent text from being lost off the edge of the screen. Both models accept composite video input as well as standard antenna connectors for TV's, VCR's, video games or videodisc players.

The switchable monitor/television sets are compatible with most home computer systems, including Commodore, Atari, IBM and Apple. The color monitor has a suggested retail price of \$489.95 and the black and white unit is \$129.95.

The computer program recorder, model 3-5156, operates with most major brands of personal computers and measures 1½ in. high by 4-3/4 in. wide by seven in. deep. The unit's features include a digital program indicator, variable tone and data level controls and a complete jack pack for computer interface. Interface cables for Atari and Commodore computers are included. The suggested retail price for this recorder is \$69.95.

General Electric Co., Electronics Park, M, Syracuse, NY 13221.



Stoffel Seals disk holder

Floppy disk holder attaches to monitor

TUCKAHOE, NY—Designed to hold floppy disks, notes and other light items, this disk holder introduced by Stoffel Seals has two pressure-sensitive strips for easy attachment to the side of computers.

Its 6.5-in. by three-in. front panel and side panels can be printed with any design or message in one or more colors. The holder is shipped flat in a transparent sealed wrapper so it can be mailed in an envelope. It can also be packaged for resale.

Stoffel Seals Corp., Dept. EMD, 68 Main St., M, Tuckahoe, NY 10707.



Fire Command II joystick

GIM joystick takes aim at videogames, computers

CARLE PLACE, NY—GIM Electronics has introduced the Fire Command II arcade style console joystick for use with ColecoVision, Coleco Adam, Atari, Commodore 64, and compatible computers.

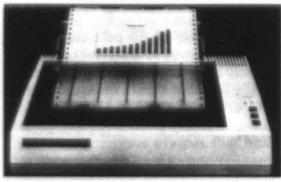
The GIM console is equipped with an eight-way metal ball-topped joystick that clicks when moved and self-centers when released. Four fire buttons on the console are contoured to the fingers for left or right handed use, the manufacturer said.

GIM Electronics, Corp., 164 Glen Cove Rd., Carle Place, NY 11514.

Alphacom launches dot matrix printer

CAMPBELL, CA—Alphacom, Inc., has introduced a high-performance, 130 character-per-second impact dot matrix printer for personal computer users. With a suggested retail price of \$249.95, the Alphacom Aero is compatible with the wide range of existing graphics and business software that use the Epson RX80 printing protocols.

The Aero prints 6 x 8 characters



Alphacom Aero printer

with true descenders in a 6 x 9 dot matrix field. The nine-wire print head, which uses square needles for maximum image quality, prints either 480 or 960 dots/in. in an alphanumeric or bit-image mode. Pathseeking logic and a 2K byte data buffer maximize print speed. The printer also allows users to create their own character sets by defining up to 96 entirely new characters. Superscripts, subscripts, double strike, enlarged and emphasized type, underlines and print modes (both text and graphics) may be mixed on the same line.

Operator controls include power, on-line, form feed and line feed; indicators are power, on-line, paper out and ready. A self-test feature is also included.

The Aero uses standard Epson ribbon cartridges and can print an original and up to three copies. Pin-on platen and friction feeds accommodate perforated computer and bond paper.

Alphacom, Inc., 2323 South Bascom Ave, M, Campbell, CA 95008

Digital adds models to its U-Print line

ATLANTA, GA—Digital Devices has upgraded and expanded its Universal Printer (U-Print) interface product line. The new U-Print models are A64 and A16, both for Atari computers.

The A64 has 64K internal memory, a copy button for printing up to 255 multiple copies and a reset button for clearing out memory. The retail price for this model is \$179.95.

Model A16 has a 16K memory, identical features as model A64, and retails for \$119.95.

Upgraded models in the company's line include U-Print Model A, an upgrade of the company's Ape-Face, for use with Atari computers, and U-Print Model C, for use with Commodores. Both models retail for \$89.95.

Digital Devices Corp., 430 10th St., Suite N205, M, Atlanta, GA 30318.

TELEPHONES & PERSONAL ELECTRONICS PRODUCTS

TeleConcepts debuts multi-feature phones with tone/pulse dialing and conference call

NEWINGTON, CT—TeleConcepts, Inc., is offering several multi-featured phones including the Feature Phone V which controls three lines plus hold. The Feature Phone is tone/pulse switchable. It has an automatic pause and 10-number memory including redial, a two-way speaker phone with volume control and a single digit LED display. Other features include a timed flash hook, conferencing, single button memory access, in-use and hold lights, stack dialing, special answering device jack, individually controlled ringers and an AC adaptor. A two-line version, Feature Phone IV, is also available.

The Thinfone is a two-line model with a locking hold button. It can handle a three-party conference in any sequence. Each line has a button and LED indicator for ring and hold. It also has a redial memory, a line-powered illuminated keypad and a recall button in the handset.

The Call Diverter is tone/pulse switchable with a built-in microprocessor. Features include a ring indicator, line-in-use and hold indicators and a conferencing button for lines one and two.



TeleConcepts Feature Phone V

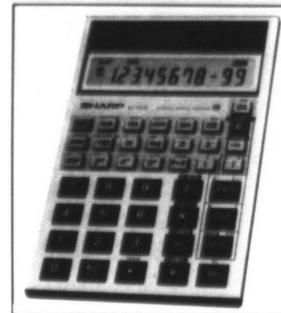
Fashion telephones include the Country Wall and the Clear Talk models. The Country Wall is finished in oak and accented with pewter-tone hardware. The two bells on the unit are only for decoration, but a mechanical gong

rings loudly, company said. The Country Wall is fully modular and features switchable tone/pulse dialing. Keys are set in a circle to simulate a dial.

The Clear Talk is enclosed in a clear acrylic case, has a chrome handset and a goldtone face plate. This see-through table model shows the working guts of the phone. Like the others, Clear Talk is fully modular and tone/pulse switchable.

TeleConcepts also makes several other decorator phones, including the coin-operated Payfone Jr. for either desk or wall. It is a reproduction of a public pay phone, and only works when 25 cents is put into it. The user can use a bypass code so he can make calls without the quarter. He can also program the phone not to accept more than seven digits in order to prevent long distance phone calls. The lockable coinbox comes with two keys and an extra long coil cord.

TeleConcepts, Inc. 36 Holly Drive, M, Newington, CT 06111.



Sharp model EL-525

Sharp introduces eight calculators

PARAMUS—Sharp has introduced several new calculators. The MC-700 Stay Fit model is a four-function unit with three-key memory listing the caloric value of 153 foods from apples to wine. A dot matrix LCD shows a one-line description and nine digits. Suggested list is under \$30.

Two pocket-size calculators feature solar power and fold to store. EL-867S has a suggested retail price of \$19.95 and folds to credit card size. It opens to a full-size display with large keys, the company said. The pocket-sized EL-351 closes to fit in a shirt pocket, but has full-size keys. It has a change sign key and percentage functions, and lists for \$27.95.

The EL-525 (\$44.95) semi-desktop calculator and the EL-5400 student scientific computer (\$87.95) include engineering, calculus and physics functions. The student model uses the BASIC computer language with two KB RAM, 38 scientific and statistical functions, 18 program addresses and 26 data memories for storing numbers.

The EL-1620 (\$89.95) and EL-262 (\$99.95) will show positive values in black ink and negative values in red ink, printed on standard-size plain paper rolls. EL-1620 uses 10-digit fluorescent display, large keys, decimal selector, add mode and decimal selector. The EL-2620 is a 12-digit version and also prints in color.

Model EL-2617 (\$89.95) features four-key memory, mark-up and mark-down functions, decimal selector and sign change. A percentage key helps figure add-on/discounts. The subtotal key can print the date or a code number.

Sharp Electronics Corp., Personal Electric Div., 10 Sharp Plaza, M, Paramus, NJ 07652.

Auto dialer offers last number redial

SANTA CLARA, CA—An automatic dialer by Buscom, the Quick-Touch Jr., enables subscribers to long distance networks to quickly dial their access number and personal identity code. Numbers of up to 16 digits can be stored in two one-button memory positions, marked access and code. The dialer programmed using a built-in keyboard.

A wait/go feature can be used to store both an access and identity code in a single memory for numbers under 16 digits. Other features include last number redial, storable one-second pauses and fast or slow dialing speeds.

The dialer works on line power and installs into any modular phone plug. A T-jack adaptor and two 1.5 volt rechargeable batteries are included. Suggested retail price is \$39.95.

Buscom, 490 Gianni St., M, Santa Clara, CA 95050.



Buscom QuickTouch

Webcor desktop models have mechanical ringers

GARDEN CITY, NY—Webcor Electronics, Inc., has come out with three desktop tone telephones equipped with a mechanical ringer. Model 1500 is a basic tone phone.

The model 1501 includes a flash hook for transferring calls, and model 1502 adds a message waiting lamp. The company claims its models are built to telephone company specifications. The models have standard handsets, mechanical ringers and are fully modular.

Webcor Electronics, Inc., 107 Charles Lindbergh Blvd, M, Garden City, NY 11590.

TTC robot carries objects, plays tapes

CARSON, CA—Hearoid, the voice-programmable robot, highlights new introductions by TTC into the personal electronics and telephone markets. Hearoid moves in any direction by voice command and plays cassette tapes. The robot can grasp and carry small objects, create visual effects with its built-in headlights and wake you up with its built-in alarm clock. The company said it runs on most surfaces and stands 18 in. tall. Hearoid sells at a suggested retail price of \$400.

The company has also released a line of telephones that dial on simple voice command. Dialess I, the first phone in the line (\$200) stores up to 41 numbers up to 21 digits in length. The phone can be "trained" to dial numbers punched in ahead of time and associated with a word such as "grandma."

Two similar models, the Dialess III and IV, both have memory for 80 phone numbers and include other convenience features. Dialess III (\$350) features visual confirmation of the number before dialing. Dialess IV (\$450) can be used without ever being touched. All functions, including answering and hanging up, are voice controlled, the company claims.

TTC, 2009 E. 223rd St., M, Carson, CA 90610

Wheelock signals replace standard phone ringers

LONG BRANCH, NJ—Wheelock, Inc., offers a line of five telephone extension signals, including TelStrobe, TelHorn, TelChime and TelRelay.

TelStrobe connects to a standard modular jack, replacing ringers with electronic warbles and an 8,000 candlepower strobe which flashes once every ring cycle on incoming calls. The firm said the TelStrobe helps signal which phone is ringing and signal the hearing impaired.

A modular switch can connect a phone line to an answering machine, main telephone or extension with one switch. For users with personal computers and modems, it can switch the incoming phone line between phone and modem.

TelChime replaces phone ringers with a chime tone. TelRay flashes a lamp for silent signalling, and the TelHorn is a loud ringer for outdoor use or for a large indoor area.

Wheelock, Inc., 273 Branchport Ave., M, Long Branch, NJ 07740.

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

TAKING
A LOOK AT
TOMORROW

...a peek at
the potential
and the
problems
involved in
selling
consumer
electronics
over the next
25 years

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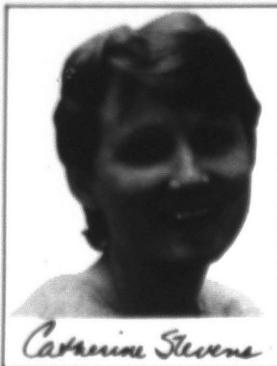
Retailer wages
a one-man war against
utilities selling
appliances

Housewares vendors
have cut the cords
on a new generation
of kitchen electrics

Video specialists:
Dead or alive?
ITA participants
make predictions

Mass merchandisers
of home computers
pin their hopes
on the new models

TRENDINGS IN COMPUTERS



Catherine Stevens

Don't forget those consumers stuck with orphaned products

My family had a computer Christmas last year. Three separate households took the plunge into the market when IBM slashed the price on the PCjr. For about \$900 instead of the usual \$1,400, they purchased the CPU, color monitor and various pieces of software including PC-DOS. What they did not suspect, along with about 200,000 other consumers who took advantage of the fire sale, was that IBM soon would abandon its youngest family member.

The reaction among my family members typified that of other stranded PCjr owners. "We trusted IBM because it was the leader in the industry," said one. "Even Consumer Reports recommended it. We were burned before by Mattel, so we made it a point to choose a product from a reputable manufacturer that we thought would stay in the market."

"We would never have bought the PCjr had we guessed this would happen," he continued. "We looked at this purchase as a long-term investment—like a VCR. We don't want to have to buy another one soon because our model became obsolete. We like this product. But now, no one will make new software for us. We're burned."

Other family members concur. They trusted the IBM name and are pleased with the product's performance. Their concern, along with most consumers,

is in getting parts and software. One household has been waiting two months for a joystick, and expects even further delays now and great scarcity of parts in the future.

Their dissatisfaction and apprehension is warranted. Traditionally, when a model becomes an orphan, many dealers stop stocking parts and software. And third party software manufacturers stop producing or developing new titles for that model, and shift attention to rival brands.

IBM no exception

There is no reason to think that the IBM name will earn the PCjr any privileges. Most major software manufacturers claim that PCjr software accounted for only two percent of their sales. With only about 300,000 PCjr owners, there isn't much incentive for software manufacturers or dealers to continue support.

Perhaps IBM will make good its promise of support with software, parts and service, and perhaps not. Certainly my family and all those other burn victims hope so. Rumors abound that IBM will launch another PC model for the home market. If it is interested in keeping PCjr owners happy, it will make the new model's software compatible with the PCjr.

By falling, the mighty IBM underscores the fact that no line is safe

from abandonment. Or, as the famous Orphan Annie warns, "The goblins will get you if you don't watch out." Industry experts estimate that half of the personal computers in U.S. homes are now orphans. Considering this, perhaps retailers should take another look at the plight of these estranged computer owners.

Because there are so many orphans, consumers are likely to be hesitant to enter or reenter the computer market.

But if retailers make a greater effort to continue support for the abandoned models by providing software and service as best they can, perhaps consumers would buy more readily. Or, if support is not feasible, why not offer the burn victims another fire sale on the parts and software?

Most importantly, retailers should realize that IBM's entry into the home computer market, though brief and somewhat unsuccessful, has redefined the marketplace. By opting for the PCjr when it came on sale, consumers told retailers what they want: a high-end computer for under \$1,000. With the PCjr off the market, consumers will be looking to replace it.

Other manufacturers heard the demand and will meet it with new mid-range models premiering soon. They hope to overcome a cautious marketplace with lower prices of about \$300 for the basic unit.

The price is right. If the product is right, too, retailers may finally have a hot-selling home computer that is here to stay. And consumers might have a product they can trust, at least for a while. ●

TRENDINGS IN HOUSEWARES



Surge of new products offers many opportunities to dealers

The Spring Housewares Show presented a wealth of opportunities for retailers, due to the entry of several manufacturers into new product categories, the introduction of some particularly innovative items and the plans of suppliers to outdo themselves on advertising and promotional spending.

Norelco, for example, plans to back up its Ultra Light iron line with its heaviest ad campaign ever for a new category, while Black & Decker and Sunbeam will barrage the country with ads for their new cordless electrics as well as other products. Included in these firms' plans are a great deal of television commercials at various times during 1985, giving retailers the chance to coordinate in-store promotions with the TV spots.

Also spending a record amount on advertising is First Alert by Pittway, which brought out its first complete line of security devices. At the same time, Norelco re-entered the home security market after a long absence, also with a line of items. (If the show is any evidence, the home security market is growing rapidly; and several vendors commented that the industry will become even more line-oriented as people begin using more than one smoke alarm or timer in the home.)

Security wasn't the only new area for some companies. Several threw their hats into the under-the-cabinet ring, and while there seems to be enough of these items to go around, two products were firsts in the category.

Toastermaster added a four-slice toaster to its spacesavers. Although it will retail for about the same as the more versatile toaster oven, toasters have proven to be more popular—there were about seven times as many toasters shipped last year as there were toaster ovens. Meanwhile, Bionaire's new space-saving air purifier/ionizer fills the need for getting rid of kitchen odors, and, unlike the majority of cabinet-mounted appliances, actually lists for less than some tabletop models.

Clairol branched out too, into the shaved market (as well as the home healthcare arena) with a little item called the Bathing Beauty. This is especially designed for shaving what the company delicately refers to as "the bikini line." While a few people I know find this rather amusing, I think it's a great idea. The product will be available in June, just in time for bikini season, and it's attractively priced. Faced with color ads in women's magazines and the firm's p-o-p display—which features a slim, tanned female torso—women will probably snap up this product.

Creativity in bloom

While there were a variety of other items that will probably take off this year, a few stand out in my mind. In the security area, there was a \$19 burglar alarm (AMF/Paragon) which addresses a large market—that of people who simply don't have \$3,000 to lay out for a wired system. The

device is a small box that mounts on a door or window. When the alarm is not on, the box greets visitors with a friendly chime.

There is also a sound-activated night light (Intermatic) that turns on and off when someone snaps his fingers or claps his hands. Frequent travelers are a good target for this product; it's also useful for places like cars and tents. While the retailer can't make huge profits from this item alone, he can sell it with the other items in the night light/timer area.

In kitchen electrics, the attention-getting items are those that satisfy the endless consumer quest for convenience—the new cordless kitchen electrics (Black & Decker, Sunbeam, Proctor-Silex); the self-basting fry pan (National Presto); the Sauce Master (Vivajp), which mixes sauce and heats it at the same time, eliminating the stove; and a combination coffee/espresso/cappuccino machine (Salton).

Another item unlike anything I've seen is the Norelco electric cork-screw. Maybe it's because I've never been able to open a wine bottle without mutilating the cork, but it seems like a very handy item.

Which brings me to a healthcare innovation—an alcohol tester (Lumiscope). With the crackdown on drunk driving, and the controversy over whether a party host should assume responsibility for a drunken guest, this product could just be the answer.

These are just a few items that were a bit off the beaten track but still have consumer appeal. Lack of space prevents me from mentioning more. The important thing is that the show revealed a lot of creativity on the part of manufacturers—and that's what keeps the industry alive. ●

COVER STORY

ed, the weather report, that sort of thing."

The videotex system that will succeed will have as its most ardent rooters the young consumers of today. Huber added, "When it all happens, a larger population will be keyboard-literate. Two-way systems will come slowly, make no mistake," he stated.

"Take banking, for example, there are good reasons to assume it will happen," he said. "At least half of the population could be using electronic banking in 10 years. The banking industry will force it to happen."

Key to the success is getting over the consumer's fear of anything that smacks of computer-ese. "Right now, everything is home-computer based," said Huber. "That worries people. Now if your good old friendly TV becomes a computer, that will be very

comfortable."

Nobody is expecting the audio receiver to become a computer, but the way people hear sounds is already beginning to change. The compact disc player has gone a long way toward broadening the horizons of the audio business, but it also has spelled the end for a favorite old standby. Turntable sales are, by all accounts, down dramatically, and the trend is expected to get more serious as the years move on and digital sound becomes the standard.

The sound of the future

"Analog?" Matsushita's Almon Clegg asked.

"Ten years from now, people will say 'what's that?' The analog record's funeral has already been planned," he said.

Wozniak champions remotes, but sees little else changing

There's one in every crowd.

Even when everyone else in the consumer electronics industry is talking about the amazing changes that are expected to come in the next few years, there has to be one cynic who'll tell you it'll all come to naught.

Of course, when the skeptic is Steve Wozniak, it makes sense to listen. Wozniak, who founded Apple Computer with Steven Jobs, is currently working on a device he calls My Best Friend (MBF), which will contribute to the integration of electronics products by enabling various pieces of audio and video equipment to work together easily.

But when he was asked about completely integrated systems that will run a number of functions through the home, Wozniak, who left Apple recently, was less than enthusiastic.

"I don't see it becoming bigger than it is today until a simple solution to installation and operation arises," Wozniak stated. "There are houses being built today with one central system that controls everything, but they're very expensive."

On the other hand, Wozniak's viewpoint could be good news for retailers, as he expects there to be little change in the way electronics products are sold. "I think most equipment will be sold as components from a variety of manufacturers," he said. "I just don't think all these things are going to be made as one big package. It won't be like buying a whole bunch of stuff that only comes one way."

"The way it's going to work is just like everything else in our lives. You've got a dishwasher which is separate from your oven which is separate from your refrigerator."

For a man who has spent a considerable portion of his life popularizing the computer, Wozniak has surprisingly low estimates for the penetration of the product into the typical home. "I think the average consumer will not have a computer in his or her entertainment center," he predicted. "It won't be standard. Not everybody needs or will need a computer. Maybe 10 percent of the people at most could use one at home."

He has even less hope for videotex systems. To the suggestion that videotex could make the masses want to own a computer, Wozniak said, "that's one of the phoniest promises I've ever heard. Videotex will spurt



LEAVING APPLE, Steve Wozniak is developing a product designed to integrate audio and video products.

maybe in two or three years, but it's not going to last. And it's not going to be for everybody."

The one area in which Wozniak does agree with most consumer electronics seers is in the consolidation of entertainment systems through remote control. "Everything is heading toward remote control—sit back on the couch and press a few buttons." The consumer's attitude will remain as it is now, he predicted: "I'm not going to buy this unless it makes my life easier."

His own MBF is being designed to help makes people's lives easier. He explained, "I believe 'easy' is when the user sets up the equipment and defines several very powerful buttons that do many things at once the way that person wants. Every user is an individual."

Practically, the system can consolidate a number of functions into one remote control unit. "Programming is one of the most useful functions of a VCR," said Wozniak. "MBF extends that idea to other parts of a complicated system. One button will turn on my VCR, select ABC, turn on my component TV, turn on my satellite dish and select the right satellite in that sequence. And all I have to do is push one button."

Three MBF models should be ready in time for the January 1986 Consumer Electronics Show, he said. Prices will range from \$80 or \$100 to \$200.

—Debbie Rosenblum

The question, as with so many other consumer electronics categories, is: Which format of digital will be the standard? Will it be the compact disc, or will digital audio tape (DAT), expected on the U.S. market by next year, win the battle? Or will both survive, with CD replacing the turntable and DAT the analog cassette?

Or will recordable CD's make the whole question moot?

Any guess is good at this point. "There will be digital applications for just about everything in just about every kind of configuration," said Marc Finer of Sony. "Sony, having been in on the development of CD, is obviously going very strongly with that format, but DAT is not an impossibility."

The conundrum probably won't be resolved until clear standards exist in digital tape. At the moment, rotary head scan (R-DAT) and stationary head (S-DAT) formats are battling it out, and even the Japanese Digital Audio Tape Standardization Conference (DATSC) recently gave up and recommended a standard for both.

The dealer's changing face

There is no argument that with the progress in technology comes a host of questions involving the retail pipeline for consumer electronics products of the future. The one thing that is certain is that dealers should be keeping abreast with the changes as they come or run the risk of being overtaken and passed by other channels of distribution.

And there are as many plans on how to sell the new types of electronics as there are technological innovations on the way. Mitsubishi, for one, intends to cover all bases, according to Kovacs. "I imagine we'll probably have to look to some outlets of distribution that cover home building as well as sophisticated electronics retailers and the traditional electronics specialty store."

The idea that interactive systems will be sold when the home is being built, or retrofitted by construction specialists later, could mean the electronics retailer will be left out of a significant area of the business of the 21st Century. "The new home construction route is the easiest way for the consumer," said Latimer of AT&T. "A retrofit is much more expensive, with walls being knocked down for wiring and the like."

Still, he believes consumers could be educated about new systems to the point that they could install the devices themselves. "I don't see a big shift in the way the retailers will do business," Latimer added. "A number of people today are wiring their houses for low voltage applications, and they could do more as time goes on."

For the electronics specialist to compete, however, he is going to have to become more service-oriented than he is today. Home service of consumer electronics equipment will become more important than ever once products become seriously integrated.

"We may see a revival in the service industry, which has been taking it on the chin for a number of years," said Huber of Zenith. "In fact, if nothing happens now and the time videotex becomes more standard, I'm convinced that service will be the weak link in the system. And you've got telephone companies and cable companies interested now. They might compete, especially for the installation business."

The key to servicing will, of course,

be the design of the products themselves. In that light, Isaacson of JVC said, the dealer should be reassured.

"The consumer electronics companies understand the mass market," he explained. "Look at the computer." The product has failed, partly because it has not been marketed based on what it can do for the average consumer in the home.

"But that's all going to change when the consumer electronics marketing companies get into the business," said Isaacson. "IBM isn't a consumer electronics company; it's an industrial company, and that is the trouble."

The type of retailer who will survive in electronics will be the kind who is flexible enough to see the trends and not resist them, he added. "We've seen it already. The TV/appliance guys said they'd never sell audio. The die-hard audio guy despised video. Yet you

What's going on? asks government; report to bare all

The concrete effects of the technological revolution could be noticeable sooner than anyone expected: The government is suggesting that weekend travel is declining as VCR sales increase.

That statement is part of a report being prepared by the United States Congress Office of Technology Assessment (OTA) that will examine the results of increasing technology in the home. The report is being completed and should be presented to Congress this summer, said Jan Renée Graf, the OTA staffer in charge of the study.

In addition to studying the way Americans use their leisure time, the report will assess the possibility of changes in the employment base, mix of jobs, degree of industry concentration and the role of government services, as well as overall growth potential.

Among the specific topics being discussed will be the use of videotex, which Graf said "will have a long-term effect on how we as consumers shop in the future." High-definition TV, laser-disks and personal computers are also among the products that will be under the government's scrutiny. All are considered devices that will have an impact on future lifestyles and will, in turn, generate new product and merchandising opportunities, she said.

As for the VCR, trends in usage and product development are under scrutiny. "It means time shifting for many of us," Graf observed. "But what kinds of new programming will be generated? And what are the implications on other leisure time activities?"

The OTA is also studying how up-and-coming technologies will affect retailing. For example, Graf predicted that consumers will more readily accept videotex for at-home shopping as the quality of graphics and presentation improves, and "as prices spiral down."

"It really will happen," she said, "and it will affect how we shop."

Graf said the study results from a request by several influential House and Senate leaders who are concerned about governmental decisions being made in a rapidly changing technological environment.

—Bob Gatty

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Merchandising

COMPUTERS

High-end computers may 'save' mass merchants

By Catherine Stevens, assistant editor

NEW YORK — By the fourth quarter of 1985, mass merchandisers may finally have the hot-selling high-end home computers they have been waiting for. Last year, many consumers shunned the low-end models these retailers had to offer. Instead, when the IBM PCjr and the Apple II dangled price tags of under \$1,000, 60 percent of the fourth-quarter purchases took the bait.

Now Commodore and Atari, heading the demand, are releasing higher-powered models, so mass merchan-

disers can once again enter the competition.

Industry forecasters estimate that retailers will be contending for about three billion consumer dollars that will be spent on home computers in 1985. If buying patterns are consistent, at least one third of those buyers will put their money down in the fourth quarter.

Whether the mass merchandisers will be strong contenders remains to be seen because the new products have not yet been released. And industry analysts and software manufacturers who have viewed the new

Commodore and Atari computers offer reviews ranging from enthusiastic to dubious.

But, most agree that if manufacturers have correctly anticipated consumer demand and the products meet expectations, then mass merchandisers may indeed have the computers that consumers want to bring home.

Competing in high-end market

Commodore is introducing two new models, the C128 and the Amiga. The first out, expected in late May or early June, will be the C128, a 128K CPU expandable to 512K retailing for about \$300. Adding the external drive will boost the price to about \$550 and monitors can be purchased at additional cost. The unit is equipped with a modulator to connect with a TV screen.

Because Commodore wants to attract C64 owners who want more power, it made the new model compatible with C64 software. "We're counting on at least 15 percent of the C64 users upgrading to the C128," said Clive Smith, vice president of corporate planning for Commodore. "That means at least 546,000 units. We've previewed the C128 to the Commodore user groups and they have been very enthusiastic."

Does this mean the C64 will fade away as have other low-end models? "On the contrary," said Frank Leonardi, vice president of marketing for Commodore, "the C128 reinforces the existence of the C64 for the first time user. There will always be the need for the first computer for little Johnny or Janie."

(Continued on page 17)

The C128's main competition, as Leonardi sees it, is the Apple IIc. "But we have the advantage," he claimed.

"We do everything they do for a lower price. The C128 is expandable, the Apple IIc isn't. Plus, we have over 11,000 retail outlets and credit facilities, and we plan to add more channels to that base."

Apple, on the other hand, has steadfastly restricted its distribution to carefully selected specialty stores, although some industry analysts speculate that it may soon release the IIc to the mass market. At this time, Apple denies any such intention, though it is testing one Sears store for future possibilities.

"Apple would be taking a risk if it got into the mass market," said Leonardi, himself a former Apple employee. "They have no experience. The mass market is our territory and we're not giving it up."

Commodore also plans to compete with Apple in the school market. "Apple can't continue to give away its product and make a profit," said Leonardi in reference to the company's practice of offering substantial discounts to schools. "And teachers will start shopping at K mart with the PTA money and will see that Commodore is a better buy." Currently Apple claims 50 percent of the school market. Commodore claims 25 percent, and is promoting the C64 to schools at significant discount.

Commodore's second new model, the Amiga, will be competing in a different part of the market from the C128. Expected out sometime this summer, it is still largely an unknown. Industry insiders who have previewed the Amiga praise it as a sophisticated machine with high color resolution and superior graphics capabilities. It will run rings around other products, according to Raimund Wasner of Yankee Group.

What is unfortunate for mass merchandisers, however, is that the Amiga will probably only be found on the shelves of specialty stores. The company has indicated that the price will be about \$1,000, and that the machine will be too sophisticated for the mass market to handle.

What about Atari?

Meanwhile, Atari is introducing three new models to compete with Commodore for shelf space in the mass market.

Though badly burned by poor sales at the low end in 1984, this spring the company is bringing out the eight-bit 130 XE to retail for less than \$179. "We plan to make money at every price point," said James Copeland, vice president of marketing.

To attract mid-range buyers, Atari is debuting the 130 ST, a 128K 16- to 32-bit unit for less than \$400. This model is expected out in late May, the

(Continued on page 17)

What's the software status? Softcon experts can't decide

By Catherine Stevens, assistant editor

ATLANTA — Is it dead? Or is it alive? That was the debate waged over the health of the home computer software market at Softcon '85 held here last month.

Some industry observers claimed that the market is near saturation, and that what consumers are left will overlook mass merchandisers when shopping for software.

On the other hand, others predicted that the market is growing, and that it is the mass merchandisers who will enjoy the largest share of this pie in the future.

The software vendors themselves were largely optimistic, saying they expect continued growth, especially in the areas of creative software, interac-

tive games and educational titles. And with the new higher-powered home computers due to hit the market this year, they expect to find even more avenues for growth.

Alive, they say

Future Computing, the market research firm, brought forth figures to argue its case that the home computer software market is indeed alive. Company analysts estimated that of the \$5 billion spent on software in 1984, 25 percent was purchased for use at home, 75 percent for use in the office. In 1985, according to Future Computing, consumers will spend \$6.5 billion on software, with the percentages for home and business remaining.

(Continued on page 17)

They're vying for student market:

Encyclopedia publishers enter software biz

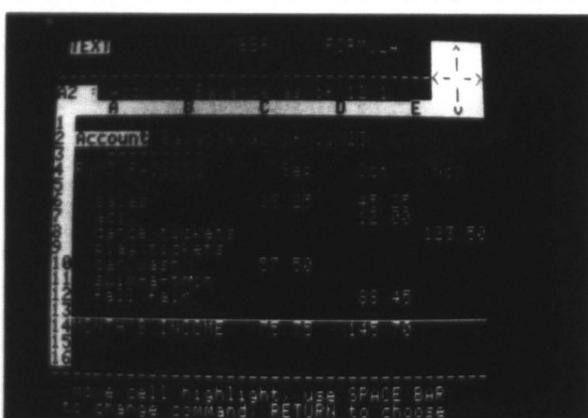
By Catherine Stevens, assistant editor

ATLANTA — Two major encyclopedia publishers, Grolier and World Book, have entered the software market and introduced new products at Softcon '85, each vying for attention in the home and school markets.

Grolier Electronic Publishing began promoting its new series of 11 entry-level productivity packages designed for beginning computer users. The programs cover such functions as spreadsheet, database management, graphing and report writing. Prices range from \$14.95 to \$59.95, and the packages are compatible with the Apple II family, Commodore 64, IBM PC and PCjr.

"We are teaching students the kinds of computer skills they will be expected to know when they enter the business world," said Kathleen Hurley, vice president of computer software for Grolier. "Unlike other productivity programs, ours have built-in tutorials and practice sessions, so

(Continued on page 17)



DESIGNED FOR BEGINNERS, Grolier Publishing's EduCalc spreadsheet program is one of several that teach students computer skills. The firm is working with school boards to promote the program.

Atari, Commodore ready models designed to trade customers up

(Continued from page 16)

same time as its main competitor, the Commodore 128.

But the product causing the most stir is Atari's 520 ST, also expected to be out sometime this summer. According to Copeland, this 512K 16- to 32-bit machine will be sold as a package with a mouse and a high-resolution color monitor for less than \$800.

"IBM and Apple have been slapping their chests like Tarzan, saying 'you buy good product, you pay high price,'" said Copeland. "We're offering a better product with more advanced technology. The 520 ST is five times faster with more color capacity than the Mac. I'd like to put it in the specialty stores and bolt down a Mac right next to it so the customer could compare them. That would sell the Atari."

Will Atari deliver?

Atari may want the 520 ST in specialty stores, but most industry insiders doubt that is probable. Many specialty dealers were hurt in the past by Jack Tramiel, Atari's chairman, when, as head of Commodore, he first placed the company's models in specialty stores, then suddenly released those same products to the mass market at lower prices.

In fact, Tramiel's reputation has hurt Atari's prospects, according to some industry experts. Jeanne Dietrich of Link Resources, a marketing research and consulting firm, said, "We don't expect Atari to get more than one percent of the home computer market. Tramiel never comes out with a machine that works. He throws it on the market without perfecting it, then fixes it after the first buyers get burned."

"The dealers are upset with Atari," she continued. "According to our study, three quarters of those who used to carry the company's line plan to drop it."

But William Bowman, president of Spinnaker Software, is enthusiastic about Tramiel and the 520 ST. "We just received it and it's absolutely fantastic," he exclaimed. "It's a great machine in a beautiful box with solid software. Tramiel used the IBM approach to manufacturing personal computers: He bought the components outside, from Motorola, and got somebody to do the software, Digital Research."

Bowman compared selling a computer in the mass market to selling an appliance, like a VCR. "And Tramiel understands that for an appliance to be successful in the long term, it has to be priced less than \$300," he continued. "He decoupled everything so the consumer will see the CPU for \$299. Disc drives will be about \$100 each and the monitor will be about \$299. The whole thing will be about \$700. I think Tramiel is probably going to have the last laugh."

Others in the industry are not as sure. "We don't know if Atari will deliver, so our predictions are really a wild guess," said Jay Lewis, analyst with Infocorp. Nevertheless, he said, Atari's 130 XE may find its way into about 150,000 homes in 1985, and combined sales of the ST models may reach 250,000 units.

Most analysts are more optimistic

about Commodore's chances. According to a Link Resources poll taken in January 1985, at least 11 percent of the consumers who said they will buy a computer in 1985 will choose a Commodore product. Charles Wolf, computer analyst for First Boston, predicts that by June of 1986 (one year after debut), Commodore will have sold about a quarter million C128's and the same number of Amigas. Raimund Wasmann of Yankee Group estimates that with all of its models, Commodore

may capture 18 to 25 percent of the home computer market. Last year, Commodore took 19 percent of this market, according to Future Computing.

Facing stiff competition

What could stand in the way of the mass marketers' success? Once again, the spoilers could well be Apple, IBM and Tandy.

According to Future Computing, in 1984 Apple took 29 percent of the

home market, IBM about 19 percent and Tandy seven percent.

Although mass merchandisers will face stiff competition again this year, there is hope. Most analysts predict that the home computer market will grow by about five percent in 1985. And Future Computing estimates that discount and department stores and other mass merchandisers will remain the largest home computer distributors through 1989.

"We think that 1985 will be the watershed year for the home computer business," predicted Bowman of Spinnaker. "The new Atari and Commodore models will create a good niche for mass merchandisers. It is the beginning of the real market."

Opinions split on software market's future

(Continued from page 16)

ing the same.

What does this mean for mass merchandisers who sell home computer software? Industry experts offered a variety of predictions.

"We think the saturation of the home market is near," said one spokesman from Software Access International, a marketing research firm. "We estimate that people in about 18 percent of the households in the United States use a computer either at home, work or school. But only eight percent have one in the home. That means that there won't be much expansion in computer literacy in the near future."

"We see upscale consumers as the major group of computer purchasers," he continued. "They will pay for more power, support and service, and will choose a computer specialty store. And, since most people buy their software where they bought their hardware, this means fewer consumers will be shopping for software in the mass market."

Future Computing, however, offering a contrary view, predicted that mass merchandisers will sell more software and hardware in the future. "In 1984, mass merchandisers sold three percent of all software to the home," said Alice Brown, vice president of the distribution group. "We expect that to be six percent in 1985."

The company also predicts that mass merchandisers will increase their share of the hardware market. According to Future Computing, in 1989 mass merchandisers (including department stores, toy and discount stores) may capture roughly two-thirds of that market. And if Software Access International is correct in saying that people buy software where they buy hardware, then Future Computing's forecast is good news for mass merchandisers.

Vendors expect growth

Most of the home and educational software vendors were also optimistic about the future of the home software market, even though few of them chose to exhibit at Softcon '85. ("You'd think there wasn't a home software market if you just looked at this conference," remarked Gary Carlton, chairman and director of product development for Broderbund Software.)

But Carlton's company is right in line with what some analysts are already predicting will be the next big thing for the home computer: creative software.

Said Carlton, "Everyone keeps trying to find an analogy for computers

to get people to buy one. My analogy is the piano."

But not just any piano, as it turns out. Carlton was speaking of electronic products, such as those made by Casio, that use LED's and audiotapes to teach people to play—or to make them think they have a talent that they actually do not possess.

Now, Broderbund is promoting its Creative Workshop Line of software in the same way, offering "talent for sale."

The series includes Print Shop, a design and graphics tool that Carlton says is selling 1,000 copies a day. Other titles include Dazzle Draw, Cartoonist Workshop, Fantavision, which Carlton describes as a "special effects generator," and others that will debut at the Summer CES.

Other software manufacturers agree that the home market is far from dead. Interactive fiction and adventure games as well as productivity tools are still selling strongly, they point out. And most software manufacturers are looking forward to writing programs for the higher powered home computers that will be released this summer by Commodore and Atari.

Educational software publishers also expect the home market to grow.

One analyst predicted that sales will reach \$400 million in '85.



CREATIVE TITLES will make the home market more profitable, says Gary Carlton, chairman and director of product development for Broderbund Software.

Software geared to students of all ages

(Continued from page 16)

first-time users don't have to spend hours reading a manual before they begin."

Grolier's marketing program includes a series of workshops with school boards. A promotional contest challenges students to find new and creative applications for the spreadsheet program Edu Calc, such as calculating the baseball team's batting averages. The prize, still to be decided, will probably be a gift of software or an Apple computer to the school.

Creating a learning environment

World Book's Discovery Software series of 21 programs debuted March 31 and is very different in content from Grolier's. "We developed a learning environment," said Fred Thomas, vice president of marketing for Discovery Software. "Our programs are meant to enhance the regular school curriculum, and make learning more enjoyable and easier for the students."

The Discovery Software is divided into three groups of seven. The Preschool Package (ages three to five), reinforces basic skills with programs like Come Play With Pockets (Pockets

is a kangaroo), which teaches visual memory. Others teach association, patterning, classification and positional relationships. Company spokesmen claim that in testing at Columbia University's Electronic Learning Laboratory, preschoolers were able to use the computers and showed improved cognitive development.

The Primary Package (ages six to 10) focuses on basic skills in mathematics, vocabulary, spelling, science and logical thinking. The Intermediate Package (ages 10 and up) provides programs of word problems, language arts, geography and critical thinking.

World Book is pricing the individual programs at \$39.95, or a set of seven for \$249.95. World Book, whose Discovery Software now runs only on the IBM PCjr, is waiting until August, when it will also be available for Apple, to begin a strong marketing campaign.

Both companies are hoping that new computer literacy requirements for students, like those enacted by Texas school districts, will mean a boom in sales for their programs. Then, they predict, more parents will want to purchase their products for their children at home.

MERCHANDISING COMPUTERS / NEW RELEASES

GAMES

DAVE WINFIELD'S BATTER UP!, Avant-Garde. Apple II-, 64K Commodore 64-, 128K IBM PC- and IBM PCjr-compatible. Available now. Suggested retail \$34.95 for Commodore version, \$39.95 for Apple and IBM versions.

TARGETS: A NUMBER GAME, Sunburst. 48K Atari-, Apple II- and TRS-80 models III and IV-compatible. Available now. Suggested retail price \$55.

TELECHESS, Brainpower. Apple Macintosh-compatible. Available now. Suggested retail \$69.95.

TORPEDO RUN, Brainpower. IBM PC-compatible. Available now. Suggested retail \$39.95.

WISHBRINGER, Infocom. Apple II/IIe/IIc-, Atari-, Commodore-, IBM PC-, IBM AT-, Kaypro-, Macintosh-, MS DOS- and TRS-80 model III-compatible. Available in June. Suggested retail \$34.95 for Atari and Commodore versions, \$39.95 for all other versions.

EDUCATION

CODE QUEST, Sunburst. Atari-, Apple-, TRS-80 models III and IV- and TRS-80 Color-compatible. Available now. Suggested retail \$65.

LINKWORD, Artworx. Atari- and Commodore 64-compatible. Available now. Suggested retail \$24.95.

ROOTS AND PREFIXES, Davidson. Apple-, IBM- and Commodore 64-compatible. Suggested retail price \$19.95.

THINK FAST, Brainpower. Apple Macintosh- and Apple II-compatible. Suggested retail \$39.95.

HOME MANAGEMENT

DESIGN YOUR OWN HOME, Avant-Garde. Apple II-compatible. Available now. Suggested retail \$59.

DESK ORGANIZER, Warner. Apple Macintosh-compatible. Available now. Suggested retail \$99.

MERCHANDISING COMPUTERS / PRODUCTS

Okidata launches two dot matrix printers in its Microline series, adds free software

MT. LAUREL, NJ—Microline has announced two new additions to its Microline series of dot matrix printers, the Microline 192 and the wide-column Microline 193. Both units feature three different print modes, a re-inking cartridge ribbon and user-friendly operation, according to the company.

The printers come in standard versions to interface with most personal computers and also are available in specially configured IBM-compatible models. The IBM-configured printers come with free software to work with the IBM PCjr and PC XT. The software provides type styles similar to courier, italic, gothic and scientific characters and allows the user to design and download load custom typefaces.

Special standard features on the two printers include a snap-in ribbon cartridge, bi-directional printing of



Okidata Microline 192

text and graphics for high throughput, an 8K buffer and a cut feeder option

for high throughput on office stationery.

The user can select characters per in. print mode and page length when units are in their menu select modes. Proportional spacing eliminates gaps between characters in text processing applications, the company claimed. The Microline 192 comes with an adjustable pin feed mechanism and the Microline 193 has a tractor feeder. Both have a short form tear-off guide to prevent waste of forms, and each has a noise rating of 53 dBa.

The Microline 193 prints up to 136 columns at 10 characters per in., 163 at 12 CPI and 17.1 at 233 CPI, and the unit measures 20.6 in. by 10.9 in. by 5 in. Model 192 measures 14.6 in. by 10.9 in. by 3.2 in. and retails for \$499. Model 193 retails for \$699.

Okidata, 532 Fellowship Road, M., Mt. Laurel, NJ 08064.



PerfectData diskette drive cleaning kit

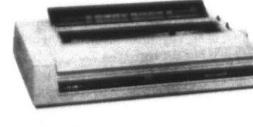
Cleaner removes dust on disk drive

CHATSWORTH, CA—A 3½-in. head cleaning system for disk drives has been developed by PerfectData Corp. The company says the product is designed to remove smoke, dust and oxide deposits that accumulate and contaminate the read-write heads of a disk drive.

The system can accommodate both single-and dual-head drives and permits the simultaneous cleaning of dual-head drives. The kit contains a cleaning diskette made of lint-free, non-abrasive, polyester cleaning material fitted within a modified 3½-in. grey plastic jacket, the company said. The kit also contains a one-oz. bottle of cleaning solution.

The system operates by applying the solution through wetting "windows" onto the cleaning diskette. The user then runs the diskette in the drive for 30 seconds. Each kit may be used for 26 cleanings.

PerfectData Corp., 9174 Dering Ave., M., Chatsworth, CA 91311.



Juki 6300 Daisywheel Printer

Daisywheel printer has 96 characters

NEW YORK, NY—Juki Industries of America, Inc., has introduced the belt-driven 6300 Daisywheel Printer, which offers a maximum speed of 40 cps (32 cps Shannon text). The printer uses a 96-character daisywheel and offers 10/12/15 pitch and proportional spacing. The unit operates at a noise level below 60 dba and has a 3K buffer memory, expandable to 15K.

The Juki 6300 uses Diablo daisywheels and ribbons and offers a number of printing features, including graphics capability, superscript, subscript, underlining, bold-face and shadow printing. It can be equipped with either a standard Centronics compatible parallel interface or a standard

RS-232C serial interface. The printer, which is compatible with IBM PC, Apple, Kaypro, Compaq and other major brands, has a suggested retail price of \$995.00.

Juki Industries of America, Inc., 299 Market St., M., Saddle Brook, NY 07662.



Sakata model SP-1500

Sakata SP-1500 prints various character fonts

ELK GROVE VILLAGE, IL—The model SP-1500 serial impact dot matrix printer, recently introduced by Sakata U.S.A. Corp., has a printing speed of 180 cps, a maximum printing range of eight in. and a standard matrix of nine by nine. The matrix has near letter pica quality, with pica character size of 2.42 (height) by 1.99 (width) mm.

The SP-1500 has a friction/tractor paper feed and reverse feed for use with fanfold, roll or cut sheet paper. The printer is bi-directional, logic-seeking and programmable for line spacing, page length, and column width. It operates at a noise level of 60 db(A), with 3KB input data and 256-user-defined character capabilities. Features include international character fonts, pica, elite, condensed, double width, emphasized, underlining, super/sub script, italic, proportional and near letter quality fonts.

Sakata U.S.A. Corp., 651 Bonnie La., Elk Grove Village, IL 60007.

Spectravideo computer has voice synthesizer

FREMONT, CA—Spectravideo introduced a 28-lb. computer with 128K RAM, bundled software and a built-in voice synthesizer.

The Bondwell 14's voice synthesizer program enables the computer to speak to the user by direct translation from English text, or through a system of phonetics. A separate orientation program called Setup allows the user to customize function key definitions, configure serial ports and reformat disk drives.

The Bondwell 14 computer features two 5½-in. disk drives for double density floppy disks. Equipped with an

upgraded CP/M 3.0, the system makes better use of its memory capacity. Five commonly-used software titles accompany the unit: Wordstar, Mailmerge, CalcStar, DataStar and ReportStar.

Additionally, the system offers a no-glare amber monitor; angled computer and keyboard, and character resolution of 80 by 25. A 91 key full-stroke keyboard with separate numeric keypad, 16 user-programmable function keys to RS232C serial ports and a Centronics printer port complete the configuration. The unit carries a suggested retail of \$995.

Spectravideo, Inc., 330 Seldon Ct. #10, M., Fremont, CA 94539.

Printers are compatible with Apple IIc computer

ATLANTA—Digital Devices has expanded its Universal Printer line to accommodate Apple IIc computers. The new U-PRINT AP16 has an internal memory of 16K and model AP64 features a 64K memory.

Both units feature a copy button that prints up to 255 multiple copies of a document, the company said, and a reset button can clear the memory. Both models have a "Centronics" parallel interface. The suggested retail price is \$139.95 for model AP16 and \$199.95 for model AP64.

Digital Devices Corp., 430 Tenth St., Suite N205, M., Atlanta, GA 30318.

NEWSLINES COMPUTERS

Jazz festivals to promote Lotus Corp.'s new software

BUFFALO, NY—Software Distribution Services will launch a nationwide campaign this spring to introduce Jazz, Lotus Development Corp.'s integrated business program for the Apple Macintosh. The campaign will consist of four-day jazz festivals in at least 12 metropolitan areas in the U.S., beginning this month. Although the locations had not been finalized at press time, possible sites, according to SDS marketing vice president Jordan Levy, include Boston, New York, Washington, Buffalo, Atlanta, Connecticut, Pennsylvania and a city located on the West Coast.

Advertising campaigns in each selected area will alert people to the festivals. SDS is also working with dealers in each area to host a reception with live jazz for the press and other guests. Other activities will include demonstrations for Jazz buyers, training for sales representatives and a contest for Jazz dealers with a grand prize of a Mercedes Benz 190E sports sedan. Other prizes include a Rolex watch and jackets. All dealers will be automatically entered in the contest, and prizes will be announced at the Comdex show.

Polaroid offers repairs for damaged diskettes

PROMOTION PIECES—Polaroid Corp. has begun an advertising campaign for flexible magnetic diskettes, with the theme of data recovery. Ads include a toll-free number (also printed on every box of diskettes) that owners can call in the event their diskette is damaged. The company will then send a mailer to the consumer, who ships the diskette to a data recovery center for repair. The campaign was conceived by Ogilvy and Mather ... First Software Corp. and Family Computing Magazine have teamed up for a marketing campaign. A special advertising section, Family Computing Showcase, will run in the August and November issues of the magazine and will include ads for products selected by First Software ... Electronic Arts will award three \$1,000 prizes for the best computer

adventures written by owners of the firm's Adventure Construction Set program. Entry deadline is January 1, 1986 and winners will be announced on February 15. The program is currently compatible with the Commodore 64 but will be available for Apple, Atari and IBM by mid-year, the company said.

Gouliart, Gamer, Waters are appointed by Sanyo

MANAGEMENT MOVES—Sanyo Business Systems has appointed Ed Gouliart national sales manager of the computer

division, Charles Gamer as eastern regional sales manager and Sandy Waters as marketing manager. Gouliart and Gamer were formerly with Menlo Corp., a software firm, and Waters was with Allied Bunker Ramo Corp... CBS Software has promoted James Bull, Jr. regional manager, New England/New York to director of national sales. Also promoted was manager of product development Sheldon Safrir to director, product development... Teri Zehntner has joined Franklin Computer as vice president of sales. She held the same position at Mura Corp.



Franklin Computer names Zehntner vice president, sales

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62ND ANNUAL STATISTICAL AND MARKETING REPORT

VIDEO

NEW PRODUCTS FUEL THE BOOM IN CONSUMER ELECTRONICS SALES

dots: the ultimate home computers top-at-home retailers' friend or foe? Consumers upgrade to multi-featured phones stereo mark video intros

Merchandising

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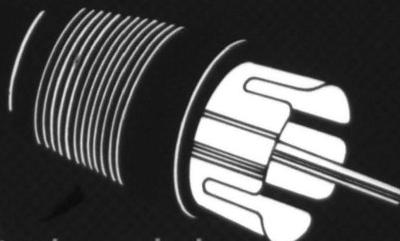
JUNE 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS WHOLESALERS AND DISTRIBUTORS

THE VCR CONNECTION

**Retailers struggle
to plug into
profits**



Also in this issue:

CES exhibitors unveil new video, audio,
computer, telephone and personal electronics products

State energy standards could pose problems for appliance dealers

Sunbeam and Black & Decker heat up the housewares market

Mass merchandisers can move to maximize sales of computer software

TRENDINGS IN COMPUTERS



Catherine Stevens

Atari should come to SCES to show strength in computers

While "business is war" is the philosophy of Atari's chief Jack Tramiel, he prefers not to do battle at the Summer Consumer Electronics Show.

At the Winter CES, Atari was there in force, armed with powerful ST prototypes and aiming for a larger part of the home computer market. Even Tramiel made a rare public appearance to wave the Atari flag and to ask for retailers' support.

Since then, those retailers have been waiting for delivery of the

high-powered computers promised in April yet still unseen. Industry insiders, dubious about Atari's ability to deliver a good product on time, suggest that this may be like "waiting for Godot."

Why the retreat?

Even software manufacturers have complained that Atari is not making it easy for them to get prototypes of the new machines. Instead of giving the models to software developers at no cost as other manufacturers have in

the past, Atari is charging them more than the suggested retail price of the computers.

So why, when it seems that a reassuring show of strength is in order, has Atari retreated from the CES?

"It's good business management," according to Bryan Kerr, Atari's marketing manager. "We are very up front—we think we can better spend the \$500,000 to increase and widen the diversity of our product line."

Kerr went on to say that this decision does not mean that Atari sees no value in the show. "We already accomplished our goals at the Winter CES. We introduced our new company products and people. That was a good example of why a company should go to a trade show."

Tramiel's cost-cutting efforts to produce the lowest-priced personal computer are no secret. He has always emphasized manufacturing over marketing, while other computer manufacturers have turned to slick, sophisticated advertising to sell their products. Considering Tramiel's history, Atari's CES pull-out is not extraordinary.

But some industry experts suggest that Atari may have had motives other than cutting costs. Some think that the company did not want to face the competition from Commodore, which may unveil its long-awaited Amiga at the Summer CES. Others suggest that because Atari wants the 520ST positioned in specialty stores, as it announced at Comdex in May, it wanted to avoid showing the computer to the mass merchandisers who all want to see a high-powered model on their shelves when Christmas arrives.

CES could boost credibility

An appearance at CES or other trade shows is one of the best ways to improve relations in the industry. Tramiel definitely needs to attend to business in that area because his relations are none too good.

The mass market retailers who attend the CES aren't too pleased with Atari. They are still recuperating from the poor sales of the company's low-end models that consumers all but ignored in 1984. Several have even dropped Atari from their product line. And now, if the company gets the ST in the specialty stores, all they will have to sell are these lower-powered machines.

Some software manufacturers are refusing to develop software for the new Atari computers until they know the models will be successful. Many industry analysts have expressed the opinion that Atari will not deliver at all, and predict that the company will do well to capture only one percent of the market.

Suffering industrywide credibility problems, Atari needs a strong boost for its image. Perhaps it is time for the company to change its battle plan, and give attention to marketing as well as manufacturing. Attending the CES isn't the only to do that, but it is an effective one.

At a time when the home computer market is itself in doubt, retailers at CES will be looking to the manufacturers for reassurance that the market is still alive and well. And they won't find it at an Atari exhibit.

Newsline:
page 68

Smith Corona SE 200

spell-right™

The best way to outsell the competition is to outspell it.

You're in for a hot spell.

Introducing Smith Corona's revolutionary SE 200. The first portable with the optional Spell-Right™ electronic dictionary that checks your spelling against 35,000 of the most commonly used words.

Two beeps tell you when you've misspelled a word. The Find key finds it. And a touch of the WordEraser™ key lifts off the wrong word while you're typing in the right one.

It's fast, it's easy. It's a complete correction system with loads of features that let your customers type word-perfect pages, every time.

The SE 200 is also computer friendly: hook it up with your optional module and you've got a letter-quality printer.

But the most amazing feature is its affordable price. And that spells big profits for you.

Better stock up on the SE 200. Because the first portable that helps your customers spell right will help you sell right, too.

The Smith Corona SE 200. Made exclusively in the USA.



For more information on this product, write to Smith Corona, 65 Locust Avenue, New Canaan, CT 06840. Smith Corona is an operating group of SCM Corporation.

MERCHANDISING

Merchandising COMPUTERS

Vendors unveil low-cost daisy wheel printers

By Lee Rath, editor

ATLANTA—A number of low-cost daisy wheel printers, with suggested list prices as low as \$295, were on view at Comdex/Spring '85, giving retailers the option to aim letter-quality models at a market that could only afford dot matrix in the past.

Defending their products, dot matrix manufacturers pointed to even lower prices, additional features and the fact that their near-letter-quality models are printing better than ever.

But low prices may prove to be more of a threat than a benefit. Pipelines are full, some vendors say, and a mid-summer price war could erupt in the dot matrix area. And new technologies, such as ink-jet printers, are getting more competitive all the time.

On the home front, although computer sales are slowing, vendors take the swing to the high end to be a good sign. After all, they say, it's easier to sell a \$300 printer with a \$1,000 CPU than it is with one costing less than \$150.

Low-end daisies debut

A number of companies showed daisy wheel printers with suggested retail prices dipping below the \$400 level. One, Juki, went much lower, introducing the 10-character-per-second (cps) model 6000 with a suggested list of \$295.

Jerry Bitkower, operations manager, said the unit "makes real letter-quality printing a viable option for anyone with a personal computer. We expect it to become a big hit with students and home PC users who do not require a high-speed machine."

Axiom showed a new line of daisy wheel printers, starting with the DX 1500, a 14-cps unit with a suggested retail price of \$299. However, the unit will not be available to the mass market, said Robert Adler, vice president of distribution and sales. "Service is crucial with this product."

Brother exhibited the HR-10, a 12-cps printer with a suggested retail of \$349. "Our prior low price for a daisy wheel model had been \$599," commented Jim Sharkey, Northeast regional manager for the information systems and peripherals division.

And Alphacom unveiled the Alpha-pro 101 at \$399.95, a 20-cps model that offers a one-year warranty.

Lower prices for daisy wheel models brings letter-quality printing into the price range of virtually every computer owner, said Brother's Sharkey. "In the past, when someone was on a budget, his only alternative was dot matrix."

"Even teachers don't want to read dot matrix copy anymore," commented Adler of Axiom.

Dot matrix printers still hold the lion's share of the market, however, a position that many in the industry expect to continue, despite the new low prices on daisy wheel models.

Epson's Cliff Bream, vice president of marketing for the computer products division, said dot matrix printers command 75 percent of the market by offering low prices, good quality, graphics capabilities and quiet operation.

"The only thing they haven't been able to offer," he said, "is true letter quality. And that's changing. Today's near-letter-quality dot matrix printers are almost as good as the daisy wheel models."

At Comdex, dot matrix manufacturers such as Brother and Alphacom

were showing products with list prices as low as \$249. And according to James McCormick, national sales manager of printers for Smith Corona, his firm's \$259 list unit can be found in stores for \$175 to \$199. "The home market needs under-\$200 printers," he said, estimating that as many as 1.5 million printers could be sold there this year.

Nevertheless, pricing may be the dot matrix manufacturers' biggest problem. "The market is a hodge-podge of companies all committing suicide over pricing," said Axiom's

Adler.

John Hahan, director of product marketing for Alphacom, called the dot matrix market "cutthroat," adding that there is so much inventory backed up in the pipelines, "a crunch is coming, probably this summer. Everybody blew their forecasts for 1985, and there's just too much product out there."

Even so, Juki has recently entered the dot matrix market with two models: one monochrome, one color. "We want to be able to offer a broader

(Continued on page 69)

But they need new sales techniques:

Mass merchants set to win software sales

By Catherine Stevens, assistant editor

NEW YORK—It's time for mass merchants to take a hard-sell approach to software.

According to the market research firm Link Resources, mass merchants and software-only stores are poised to steal market share from the computer specialty stores. And a large market it will be.

Future Computing estimates that software sales will grow 41 percent annually over the next five years. Link Resources says total sales will reach close to \$11 billion in 1989, and predicts that mass merchants will capture 10 percent of that. Considering that the average margin on software sales is 35 percent, retailers stand to realize a considerable profit.

For now, however, the specialty stores still have 50 percent of that market. And mass merchants need to adopt new sales techniques—such as providing in-store demonstrations, effective displays and popular product selection—to draw those customers in.

Demonstration is key

Demonstration of software is one of the key reasons why a consumer might choose a specialty store over a mass merchant. The customer expects the sales personnel in a computer store to be more knowledgeable and better able to demonstrate the programs.

Some dealers, however, argue that demos are not important. "Software won't be sold by demo," said Glenn Ochsenecker, software buyer for Waldenbooks. "Look at record stores. People buy records without having heard them. Display, packaging, pricing and the nature of the product will sell software."

But others in the industry disagree. "Record stores used to have booths where customers could listen. Now they don't have to because people hear the music on the radio and on television. Software doesn't have that exposure," said one industry expert.

"I think that using rolling demos or



DEMONSTRATING SOFTWARE without a computer is possible with Vimart Corp.'s Series 100 video display. It provides short narrated demonstrations of top-selling software programs.

Floppy disk sales are shifting to mass market, say vendors

By Catherine Stevens, assistant editor

ATLANTA—Where will consumers buy floppy disks?

Considering that the retail share of the lucrative \$750 million floppy disk market is about 40 percent, or \$300 million, this is a question that manufacturers want to answer correctly.

Most floppy disk vendors interviewed at Comdex/Spring '85 agree that the mass merchants will capture a greater portion of the market in the future, and are placing their products accordingly. According to Eastman Kodak, a recent entrant to the market, about 70 percent of the floppies are now sold through computer specialty or office supply stores. Supermarkets, drug stores, consumer electronics stores and mass merchants share the remaining 30 percent.

However, "The mass merchant could get 50 percent in the years ahead," said Tom Burke, director of sales and development for Kodak's consumer electronics division. "We see the home market for floppies growing 20 to 30 percent in the next three to four years," said Peter Cameron, Polaroid's director of computer data recording.

Because most manufacturers see the home computer users rather than the business users buying their floppies from the mass merchant, they say future purchasing patterns will depend on the growth of the home computer market. But others see the small business people shopping for floppies at the mass merchants, too, and expect to see this trend continue.

In any case, most manufacturers are

(Continued on page 67)

Mystery Shopper looks at systems in hunt for under-\$1,000 computer

By Lindy Williams, contributing editor

YONKERS, NY—Retailers who remain firmly entrenched in the personal computer business are aggressively reaching for the "system" sale as never before.

The most obvious reason is that such a sale helps weather the continuing price-competitive market. But dealers are also addressing the customer's particular need for a computer, in an effort to advise him on the proper mix and match of peripherals.

This trend emerged during a recent search of the New York-New Jersey area for a computer by *Merchandising's* Mystery Shopper. His story consistent as he entered each store, this technological novice was looking for a computer that would be used primarily for word processing; that his first grader could eventually benefit from, and that would fit nicely in his den. Oh, and it should not be priced much more than \$1,000.

Oops! Enters as store closes

The Mystery Shopper's first trip to a unit of a large computer specialty chain unknowingly took place five minutes before closing. After examining his needs, the saleswoman who had approached immediately guided the shopper to an Apple IIe packaged with two disk drives and a monitor for \$1,395. "I was hoping to spend closer to \$1,000," he explained.

In an instant, the Mystery Shopper was whisked over to the Apple IIc. "This will meet your word processing needs, and for a limited time only starts at \$945," the saleswoman said. The \$945 price included 128K of memory, a built-in disk drive, a IIc monitor and five introductory software packages.

Although it was not possible to add memory with the IIc as it was with the IIe, "The software that you will use doesn't require more than 128K; you should not be concerned with that," the saleswoman reassured.

"Cute system," the shopper said. "But what about a printer?"

"The Apple Scribe hooked up here can be added for about \$300. It's a really terrific package," she continued. At that point, the saleswoman asked the shopper when he planned to purchase, and cautioned him that this sale price would be good for only another week or so.

When the Mystery Shopper asked to try out the machine, she regretfully said that the store was closing but beckoned him to follow her to a desk for a brochure and a business card with the store's hours on the back.

She took the shopper's phone number, and asked why he wanted to delay the purchase a couple of weeks. "I have to set the money aside first," he told her.

"Do you own a house?" she quiered. He nodded.

"Do you have a credit card?" He nodded again.

"Then you are eligible for Apple credit," she said matter-of-factly, advising the shopper of the option to pay installments, with a credit limit of \$2,500.

The Mystery Shopper asked if the store carried the PCjr, because although other IBM models were on display, that particular model was absent. Without answering the ques-

tion, the saleswoman informed him that the PCjr, now \$1,300, was considerably more than the under-\$1,000 bargain it had been during the holidays. "And if I were you," she added, "I'd question a computer that IBM had stopped producing."

All of this information was received within 10 minutes, and the shopper was on his way.

Offers deluge of options

When a salesman at a competing computer specialty store learned of the shopper's price range, he directed him toward a selection of brand names. The Apple IIe on display, with two disk drives, a monitor, and a 128K memory, was \$1,525. "But I can substitute a couple of 'third-party' drives, and shave \$200 off the price," he said.

From there, the shopper was led to the Franklin ACE 1200, but immediately received the salesman's review of Franklin's past financial woes. "The \$1,300 price for 64K, two disk drives, built-in software and a monitor is considerably higher than it was a few months ago," he admitted, "but it's still a good deal." The shopper wasn't sure.

When asked about the IBM PCjr, the salesman offered the shopper his last model in the store, a demonstrator with 128K, a monitor, a disk drive and two cartridge slots for \$1,100—\$200 off the regular price.

Yet another option appeared. The Sanyo MBC 550-2 came with 128K, two disk drives and bundled software, but no monitor. The shopper expressed his concern for getting a satisfactory word processing package. "With the Sanyo system, you have a choice of WordStar, which is powerful but harder to learn, or EasyWriter, which is just the opposite," he explained.

The salesman, alone on the floor and looking nervously over his shoulder at other prospects coming in, invited the shopper to sit at the Sanyo system and try out a program, and excused himself.

"What about service?" the Mystery Shopper later asked as he headed for the door. "I can refer you to local service centers for every system that I sell," replied the salesman. The shopper left with a business card, a lot of choices and an apology for the shortage of salespeople that evening.

Visits department store

Upon entering the special computer center of a major area department store, the shopper was treated to a variety of IBM models, Apple IIc's and Macintoshes running a selection of programs for his perusal. But 20 minutes passed without a salesperson approaching.

Seeking help, the shopper began his story. This salesman, however, suffering either from a hangover or an acute case of boredom, promptly yawned and said that the best choice was an Apple IIc for \$979. "What about the IIe?" asked the shopper. "Yeah, we sell it. But we're really pushing the IIc right now."

The shopper's request to test a word processing package was met with visible disdain. After unsuccessfully booting up PFS: Write, the salesman disappeared for five minutes. It was the second time he had walked away in

15 minutes.

Heading to the door in frustration, the Mystery Shopper asked the advice of another unoccupied salesman, who promptly saved the day. Not only did he explain the IIc's features fully, he advised on trading up from an Apple Scribe printer (available with the system for \$300) to a near letter-quality dot matrix model for an additional \$839.

"You'll need a printer with a quality that's sufficient for doing form letters. With the Apple Scribe, I wouldn't shave a letter to anyone," the salesman added.

"When you're starting a business at home, the near letter-quality 'computerized' look is a positive image to convey to customers and clients. Later on, you can trade up to a more professional daisy wheel printer," he advised the shopper.

Finds an under-\$1,000 system

Keeping in mind that no one had yet offered a package for around \$1,000, the Mystery Shopper was eager to explore Commodore and Atari selections. A giant metro area electronics discounter carried the Commodore 64, Atari 800XL and Sanyo MBC 550. But the salesman's single suggestion to satisfy the shopper's needs was the Commodore 64 for \$128, purchased with a model 1541 disk drive for \$179 and either a \$200 letter-quality printer with a \$50 adaptor or a special closeout model for \$400 with a \$55 adaptor.



IN 10 MINUTES, a saleswoman at a specialty store guided *Merchandising's* Mystery Shopper through the intricacies of an Apple IIc system. She also provided information about the store's credit policy.

"Even with the more expensive printer, that still only comes to \$762. You don't need a monitor now," the salesman advised. "Get one later if you think it's necessary."

He offered to open up a word processing package for the Commodore 64, so that the shopper could get the feel of it. "What about the Sanyo, isn't that a good value?" questioned the shopper. "Not for you. Why pay more than you have to?" the salesperson responded.

He offered a faster-loading Ferranti disk drive, sticker priced at \$279, for (Continued on page 103)

Vendors aim at mass market with new packaging, promos

(Continued from page 66) gearing up with new packaging and promotions aimed at the growing mass market for floppy disks.

Of the approximately 85 floppy disk manufacturers, there are about five major players. Verbatim leads the market with about 20 percent; 3M, Maxell and Dysan/Xidex follow with about 13 to 15 percent each. The others, (which claims about five percent), including Fuji, TDK, Eastman Kodak, Polaroid, BASF and Sony, are fighting for a larger share of that market.

Shakeout is inevitable

Because of the large number of floppy disk producers, a shakeout is considered inevitable. "We've grown from two to about a hundred manufacturers in just a few years," said Mark Welland, national sales manager of computer products for Maxell. "We're going to see a lot of those drop out."

Kodak is also banking on its well-known brand image to boost customer sales. "We'll do exactly what we did with film and videotape," said Burke. "The packaging features the Kodak name and color." Point-of-purchase displays, national advertising, full-line brochures and cloth wall banners are some of Kodak's devices for attracting consumer attention.

Fuji announced a consumer rebate plan to generate first-time sales. "Consumers like rebates," said Solomon. "From July 15 through Oct. 15, purchasers of two 10-packs will receive a rebate coupon worth \$5."

Fuji redesigned packaging for its disks with color coding, hoping to attract high-volume users who would find it convenient to have different types of files on disks of different colors. An educational booklet entitled the Floppy Disk Story explains the product in simple terms for the consumers. A travel incentive program for dealers and distributors, based on volume of disks purchased, was also announced.

Polaroid also plans to build on its brand recognition with window banners, rack displays and national advertising. Unfortunately for mass merchants, the unique Polaroid diskette repair guarantee is only available at this time through specialty dealers. The company guarantees that it can retrieve any information from a damaged Polaroid disk, free of charge. "We don't see the home user as having that kind of valuable information at this time," said Cameron.

Verbatim, which markets disks under the ValuLife name at stores such as Target, will be announcing new promotional plans for the mass market at CES. "The long-awaited home computer user will rise," said Bill Pogachnick, Verbatim's national sales manager. Maxell will also be announcing a new game card promotion which will tie into sales of audio and videocassettes.

"Mass market sales of floppy disks are growing," said Maxell's Mark Welland. "In the future, mass merchants may well own the floppy disk business."

NEWSLINES COM- PUTERS

ATLANTA—Mass merchandisers won't be getting the long-awaited Atari 520 ST after all. "We aren't giving up on the mass market, we've just separated our product line," explained Jack Tramiel, Atari's chairman, at Comdex/Spring '85. "The 520 ST needs the support of the specialty dealer." Tramiel went on to say that specialty retailers had responded enthusiastically to his product and were already placing orders. Sig Hartmann, responsible for software development for Atari, said that over 400 software publishers were writing programs for the 520 ST. But another Atari spokesman explained that most of these software developers were in Europe.

"I've always tried to give the consumer the highest possible technology at the lowest price," said Tramiel. "This product is what the industry needs today." The 520 ST will be sold as a package for \$799, including the CPU, disk drive and monochrome monitor. Atari expected to commence shipping late last month. "We are working on a scaled down model of the 520 ST for mass merchandisers, which should be out in September," said Hartmann. "We dropped the 130 ST because we saw that the lower memory machines were not selling."

In the meantime, the mass retailers have the Atari 800 XL and the 130 XE. "The end-users are smarter than we thought," said Tramiel. "The 800 XL and the Commodore 64 will be the mass merchandisers' toy business for Christmas." Tramiel also announced two new products, a 32-bit computer (again for the specialty dealers), and a 500-megabyte compact disk ROM. "With the CD-ROM, which can hold entire encyclopedias, dictionaries, law books, etc., the home can become an information center," said Tramiel.

ATLANTA—Mass merchants will begin re-entering the computer market in 1987, according to Future Computing. The market research firm, in a presentation at Comdex/Spring '85, said that the number of mass merchandiser outlets selling computers will bottom out at 16,000 storefronts this year, hold there through 1986 and then start climbing. It is expected to hit 20,000 storefronts in 1989, compared with a peak of 25,000 in 1983. "It will take the introduction of a good machine by a responsible manufacturer to bring mass merchants back into the market," reported Alice Brown, vice president of Future Computing's Distribution Group. She also pointed out that 14 percent of the computer specialty store's customer base are home users, and that number is expected to decline this year.

Future Computing statistics show saturation of home computers hit 12.3 percent at the end of 1984, with two percent of all units bought in the fourth quarter of year. The home base, the firm said, is expected to almost quadruple by the end of a decade. Another trend the firm documented was the drop in the number of unit sales last year accompanied by an increase in dollar sales, thanks to a dramatic shift to the high end. All of which means, said Future Computing, that the home and business markets are becoming more and more difficult to differentiate.

NASHUA, NH—A new player in floppy disc marketing, Nashua Corp., long an OEM supplier, is releasing a line of branded products that will be sold through all types of retail outlets. The company will offer one grade of product in eight-, 5 1/4- and 3 1/2-in. sizes. "Most of the vendors in the market have come from the audiotape marketing side," commented Philip Winslow, marketing manager. "We come from the technological side, which will give us the ability to get our costs down and offer a very high quality product at a competitive price." To build brand awareness, Nashua will start running a consumer advertising campaign in Time magazine and will make p-o-p displays available to retailers.



GE unveils peripherals
p-o-p display

SYRACUSE, NY—To assist retailers' efforts to sell its computer peripherals, General Electric has introduced two point-of-purchase displays, one for the 3-1800 printer and the other for the 3-8200 telephone modem. "Designed to take up minimal counter space, the displays highlight the styling of each product and detail the GE quality and reliability advantages," noted Stan Goldberg, GE's marketing manager for computer peripherals.

In addition, GE has computer peripheral brochures, specification sheets, newspaper ad slicks and satin banners available to retailers. Interested retailers should contact a GE sales representative or call GE Business Information Center at 518/438-6500.

CUPERTINO, CA—Apple Computer announced two promotional programs designed to aid non-profit and educational groups gain access to high technology. Seventy-nine community groups have been awarded computers, software and technical support under the Community Affairs program of Apple Corporate Grants. The latest grants, which include \$311,000 in equipment, will enable 17 networks and eight non-networking grantees to coordinate and expand a wide range of social services.

One million dollars worth of computer training scholarships for elementary and secondary school educators will be awarded by Apple's Teacher Training Scholarship Program. The first 10,000 teachers to enroll in the program and complete a qualified microcomputer training course will receive a \$100 check from Apple. The aim of the training program is to help educators learn to effectively integrate personal computers into their existing classroom curriculum activities.

JAPAN—The first vending machine for computer software, otherwise known as electronic distribution, has been installed in a computer store in Nagoya, Japan by Brother Industries Ltd. and Intec Inc. Customers insert \$20 and a blank floppy disk and, after choosing from about 60 programs from NEC Corp., receive the copy of their choice.

Although electronic distribution is not yet in use in the U.S., the companies hope to capture 10 percent of Japan's \$400 million annual software market with their innovation.

SAN MATEO, CA—Electronic Arts announced a contest to promote sales of its Adventure Construction Set software. Three \$1,000 prizes will be awarded by the publisher for the best computer adventures written by registered owners of the program. "We will make copies of winning adventures available to registered owners for the cost of disk duplication and handling," said Trip Hawkins, president of Electronic Arts.

A panel of industry experts will judge the entries, which must be submitted no later than Jan. 1, 1986. Currently, the Adventure Construction Set is available only for the Commodore 64 at the suggested retail price of \$50, but Electronic Arts expects it will be available for the Apple, Atari and IBM PC by mid-year.

MERCHANDISING COMPUTERS/NEW RELEASES

GAMES

ALCAZAR: THE FORGOTTEN FORTRESS, Activision. Commodore 64-compatible. Available now. Suggested retail \$29.95.

BOULDER DASH, First Star Software. Commodore 64- and Atari-compatible. Available now. Suggested retail \$24.95.

CHILLER, Mastertronic. Commodore 64-compatible. Available now. Suggested retail \$9.95.

COUNTDOWN TO SHUTDOWN, Activision. Commodore 64-compatible. Available now. Suggested retail \$29.95.

THE GREAT AMERICAN CROSS COUNTRY ROAD RACE, Activision. Commodore 64-compatible. Available now. Suggested retail \$29.95.

MONTY PYTHON'S THE QUEST FOR THE HOLY GRAIL, Mastertronic. Commodore 64-compatible. Available now. Suggested retail \$9.95.



able now. Suggested retail \$9.95.
1985: THE DAY AFTER, Mastertronic.

ic. Commodore 64-compatible. Available now. Suggested retail \$9.95.

RINGQUEST, Penguin Software. Apple-compatible. Available now. Suggested retail \$34.95.

SWORD OF KADASH, Penguin Software. Apple- and Commodore 64-compatible. Available now. Suggested retail \$34.95.

LEARNING

ALGEBRA PAK, SEI, Apple II- and IBM PC-compatible. Available now. Suggested retail \$60.00.

NEW INTERNATIONAL VERSION BIBLE, Bible Research Systems. Commodore 64-, Apple- and IBM PC-compatible. Available now. Suggested retail \$199.95.

TEMPERATURE LAB, Hayden Software. Apple II- and Commodore 64-compatible. Available now. Suggested retail \$99.95.

PERSONAL FINANCE

BASIC HOME ACCOUNTING SOFTWARE, Practical Peripherals. Apple II-compatible. Suggested retail price, \$59.00.

BETTER WORKING FILE & REPORT, Spinnaker. Apple II-compatible. Available now. Suggested retail \$59.95.

BETTER WORKING SPREADSHEET, Spinnaker. Commodore 64- and Apple II-compatible. Available now. Suggested retail \$49.95.

DATA FILE HANDLER, COMPUTE! Publications. Commodore 64-compatible. Available now. Suggested retail \$12.95.

FINANCIAL PARTNER, Practical Programs. Commodore 64-compatible. Available now. Suggested retail \$74.95.

MERCHANDISING COMPUTERS

Demo techniques help dealers to sell software

(Continued from page 66)

interactive demos is the best way to sell software," said Patrice Johnson, president of the American Society of Computer Dealers. "Some stores offer programs that have been incapacitated in some way, so that the products are not complete, and allow the customer to take it home for preview."

Many retailers, even those that do not sell hardware, are taking steps to provide demos of some kind.

B. Dalton Books, for instance, opened its Software Etc shop within one of its bookstores. Customers are provided with models of the IBM PC, Apple II, Commodore 64 and Atari 800XL, and invited to try any of about 1,000 programs. "Customers indicated the single most important factor (in purchasing software) is the ability to see the product, operate it and talk to someone about it," said Bob Ponzetti, B. Dalton's vice president of software marketing.

Some software publishers and distributors offer demo tapes to the retailers so that it is not necessary to open a new package for demonstration. Broderbund Software supplies a rolling demo on most of its programs. "All the clerk has to do is turn on the machine and put the product in," said Cathy Carlton, Broderbund's marketing vice president. "The first part of Lode Runner, for instance, is not interactive and just displays the action of the game. The clerk doesn't even have to know how to use the program."

Now there is also a way for customers to view software programs in action without the use of a computer. Vimart Corp. of Los Gatos, CA, created the Series 1000 video display, an interactive software demonstration tool. It uses laservideo to provide short, concise narrated demonstrations of the top-selling new software for personal computers.

"From the clerks' point of view, it's terrific," claimed Roy Martin, Vimart's marketing vice president. "They don't have the time to learn or demo all the software, and the cus-

tomers are upset when they can't see the programs. Our system solves that problem."

The main menu lists categories of "games" and "learn and work" for IBM, Apple, Atari, and Commodore models. The system contains 180 programs, each evaluated and selected according to its features, benefits, user friendliness, documentation, playability (games), value (education and productivity), overall appearance, broadness of appeal and selling rate.

"It's the only way I can sell software because I don't sell hardware," said Archie Katz, owner of the Leftbridge Bookshop. "We had a machine installed in November, and it has really drawn the customers in. They like to play with it."

Vimart claims that the results of a test in 370 stores show that in stores with a Vimart system installed, 78 percent more units of software were sold, and dollar sales increased over 92 percent.

Customers like to browse

If a dealer cannot provide demonstration, the right display can improve sales, too.

"We think browsability is key," said Ochsenreiter of Waldenbooks. "Touchability. People want to be able to examine products before purchase." The firm arranges software much like its books, on open shelves according to computer model and category.

"A locked case intimidates people; it's unfriendly," said a manager of one Computer Center store which also uses open displays of software. "But I cannot recommend open shelving wholeheartedly. We do have a problem with theft. Software manufacturers could make it easier for us if they would modify their packaging to allow us to display the package without the disk."

Indeed, poor packaging has been one of the retailer's major complaints to software manufacturers. Often the packaging does not tell the customer what the program offers. "It has to

work to sell itself, to add to the saleability of the product, as well as be informative," said Ochsenreiter.

Software manufacturers have heard the complaints and are taking steps to improve their packaging. Infocom recently redesigned its packaging to include a descriptive and entertaining booklet.

Selection dilemma

Even with effective displays the sheer numbers of software titles, estimated by some to be 40,000, can be confusing and daunting to retailers and customers alike. How does a dealer choose the right product mix, the best programs?

As most retailers are aware, many software distributors offer consulting services to assist in software selection. "Buyers rely on us to select the best titles for their market," said Jordan Levy, vice president of marketing for Software Distribution Services. "We watch the inventory and offer a 90-day one-to-one stock balancing. We take responsibility if our product selection doesn't sell."

Some software distributors also offer lists of best-selling products free to dealers. First Software publishes a monthly compilation of the 75 best-sellers in 11 categories, and SDS offers a weekly list that provides price and product reviews on new software.

Falling prices speed the entry of ink-jet printers into market

(Continued from page 66)

line," explained Takeshige Hamamoto, the firm's sales manager for OEM products.

And Epson, long a dot matrix advocate, has entered the daisy wheel business with two models, both priced under \$500. "They still comprise 25 percent of the market," said Bream. "Our move is in keeping with our commitment to be a full-line supplier."

Both dot matrix and daisy wheel printers may find competition coming at them from another direction. Falling prices on other printing technologies are speeding their entry into the personal computer printer market.

Epson, for one, introduced an ink-jet printer, the HS-80 LetterJet, with a suggested list price of \$449. The 160-cps unit weighs four lbs. and measures 13.7 x 4.8 x 3.2 in.

"It's a portable that sacrifices nothing in terms of features," said Bream, who said ink-jet printers should generate substantial growth over the next few years.

Hitting the home market

In addition to showing low-cost daisy wheel models, a number of Comdex exhibitors took other steps aimed at addressing the home market.

Epson said its recent entry into the mass market has been a success and

will be expanded. The prime product now being aimed in this direction is the Homewriter 10, a dot matrix model with a \$269 suggested list price. It's available with printer interface cartridges for either the Atari or Commodore lines for \$50.

"The product is selling extremely well, even with the home market down," said Bream. "The installed base is large, and printers are still being sold." He estimated that 40 to 50 percent of all home computers are now used with printers, and said it would be possible to get the figure up to 70 percent "if not higher."

"The home market is definitely slower than what it used to be," said Ben Davis, a district sales manager for Star Micronics, "but it is here to stay. It's going to settle down into a nice basic business, like TVs."

Star introduced the SG-10C, a printer aimed right at Commodore 64 users. The 120-cps dot matrix model carries a suggested retail price of \$339.

If anything, the recent trend of consumers trading up to higher-end computers for the home should help the printer market, said Adler at Axiom. "It's not easy to sell a \$300 printer to go with a \$149 computer," he pointed out. "With the more expensive units, though, it shouldn't be so hard."

MERCHANDISING COMPUTERS / PRODUCTS

Brother debuts two printers that go with most computers

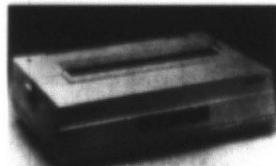
PISCATAWAY, NJ—Brother International Corp. has introduced two printers which are compatible with most microcomputers.

The Twinriter 5 is a combination daisy wheel/dot matrix printer which allows the user to use letter quality printing for word processing and dot matrix mode for graphics. It prints at 36 c.p.s. using the daisy wheel printhead and at 140 c.p.s. using the nine pin dot matrix printhead. Twinriter 5 retails for \$1,295.

The HR-10 was designed for home computing. It features a 2 KB byte buffer and bidirectional printing, as well as such standard features as shadow printing, superscript, subscript and auto-underlining. With the tractor feeder included, the HR-10

retails for \$349. Both models are available with a Centronics Parallel interface and an optional RS-232C serial interface.

Brother International Corp., 8 Corporate Place, M., Piscataway, NJ 08854.



Brother Twinriter 5

Furniture Concepts International unveils one-piece computer desks with hutches

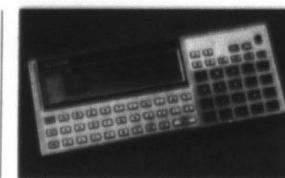
JERSEY CITY, NJ—Furniture Concepts International has debuted a new line of computer furniture, including a work station.

Models CD 540 and CD 550 are one-piece desks with hutches. Both are made of mahogany and have scratch-resistant melamine surfaces, slatted arm rests, adjustable leg glides and a storage drawer.

Model CD 540, which retails for \$194.95, has a hutch with an adjustable shelf and a monitor shelf. CD

550's hutch has two adjustable storage shelves, an adjustable monitor shelf and a top shelf for displaying books and accessories. There is also a covered porthole for cords. This model retails for \$284.95.

The CD 590 series is a computer work station consisting of four pieces which may be used separately or in combination. The desk (\$299.95) has two drawers, a lower shelf and a pullout writing leaf. The printer stand (\$184.95) has two storage shelves, one



Sharp pocket computer

Pocket model has 4-line LCD display

PARAMUS, NJ—Sharp Electronics has introduced the PC-1350 pocket computer, now featuring four-line display and a RAM card to expand capability. The computer has 40KB of ROM which contains Sharp's BASIC, help, graphics, machine language support and SIO software with 5KB of RAM.

A 150 by 32 dot full graphic LCD displays four lines of 24 characters. Suggested retail price for the PC-1350 is \$195.

Sharp Electronics Corp., 10 Sharp Plaza, M., Paramus, NJ 07652.

of which is adjustable, and a rear and center paper feed slot. The storage hutch (\$129.95) sits on top of the desk and has adjustable shelves, one of which holds a monitor. A corner expander (\$59.95) is a triangular piece that connects the desk and the printer stand.

Furniture Concepts International, 1A Colony Rd., M., Jersey City, NJ 07305.

Torrington's mouse goes with IBM PCjr



Torrington model 1000-JR mouse

TORRINGTON, CT—Torrington Co. has unveiled model 1000-JR mouse for use with the IBM PCjr.

The company designed the new mouse to withstand home-use abuse such as drink spills. The device has two large buttons for easy operation by children.

Like other Torrington units, model 1000-JR uses an independent suspension system on its X-Y drive wheels to provide low-drag performance on a variety of desktop surfaces and angles. It retails for \$175.

Torrington Co., 59 Field St., M., Torrington, CT 06790.

3M launches unit to clean disk drives

NEW YORK—A special low-abrasive disk drive cleaning kit aimed at the home consumer personal computer market has been launched by the Magnetic Audio/Video Products division of 3M.

For use on single or double sided 5½-in. disk drives, the head cleaning kit contains one reusable 5½-in. cleaning disk and 10 premeasured packets of Scotch disk drive head cleaning solution.

The head cleaner uses a combination of wet and dry techniques which loosen and trap debris. Fluid is applied to a porous cleaning disk, which is contained in a modified disk envelope. The disk is then run in the normal manner for 30 seconds.

The cleaning material is less abrasive than floppy disk magnetic media and the cleaning solution itself is nonflammable. The suggested retail

price for the kit is \$11.99.

Magnetic Audio/Video Products division/3M, 3M Center, M., St. Paul, MN 55144.

Fournier offers furniture featuring a walnut finish

MINNEAPOLIS, MN—Fournier has introduced several new pieces of computer furniture. The COM 2000 deluxe computer desk is 27 in. high and has a 48-in. wide surface. Its companion piece, the COM 2100 deluxe hutch, has a monitor shelf, two storage areas, one of which is enclosed by a tambour door and a top display shelf.

The compact model, COM 3000 desk occupies five sq. ft. The compact hutch, COM 3100, is similar in style to the deluxe unit but is only 30½ in. wide. All units are done in walnut finish.

Fournier Accessory Furniture, 7301 32nd Ave. No., M., Minneapolis, MN 55427.



Zenith's Stat-Attack

Zenith introduces computer cleaner

GLENVIEW, IL—Zenith Electronics Corp. has debuted Stat-Attack, a computer cleaning system designed to reduce failures due to static electricity.

Included in the system are anti-static sprays for printers and other hardware.

Zenith Electronics Corp., 1000 Milwaukee Ave., M., Glenview, IL 60025.

Computer desk features optional storage hutch

ST. LOUIS—The Gusdorf Corp. has developed a computer desk with optional companion storage hutch. The desk is crafted with three drawers and decorated with brass-tone handles and tambour horizontal grooving. The optional storage hutch features a computer monitor compartment and two shelves for storage.

The hutch also features a lockable cabinet for valuables. The desk retails for \$299.95 and the hutch for \$149.95.

Gusdorf Corp., 11440 Lackland Road, M., St. Louis, MO 63146.

Color printer uses thermal technology

MT. LAUREL, NJ—Okidata has introduced two printers designed for the home computer market. The Okimate 10 color printer implements thermal transfer printing technology which will work with many different kinds of paper, including writing paper and mailing labels.

A modular "plug" print interface package makes the Okimate 10 compatible with Commodore and Atari home computers and their software programs. Suggested retail price for the Okimate 10 including the interface module is \$238.

The dot matrix Okidata 120, compatible with Commodore computers, prints at 120 c.p.s. in the draft mode and at 60 c.p.s. for enhanced printing. Included in the suggested retail price of \$269 is a supply of computer paper and interface cable.

Okidata, 532 Fellowship Rd., M., Mt. Laurel, NJ 08064.



Okimate 10

Spectravideo has portable computer

FREMONT, CA—Spectravideo, Inc., has debuted a microprocessor based portable computer, the Bondwell 16 Z80A.

The Bondwell 16 features a 10 megabyte hard disk drive, 128K RAM memory, built-in voice synthesizer and bundled software. The 30 lb. unit is equipped with a nine-in. non-glare monitor, 91 key detached fullstroke keyboard with a separate numeric key pad, built-in modem and a 5½-in. floppy disk drive.

Suggested retail price is \$1,995.

Spectravideo, Inc., 3300 Seldon Court #10, M., Fremont, CA 94539.



Bondwell 16 Z80A

User can compose music on Commodore computer

CANOGA PARK, CA—Syntech has introduced a musical instrument digital interface (MIDI) keyboard and interface card which will allow a user to compose and play music on an Apple or Commodore personal computer.

Syntech, 7925 Maestro Ave., M., Canoga Park, CA 91304.

TELEPHONES & PERSONAL ELECTRONICS CES PRODUCTS

Panasonic debuts telephones including phone clock radio

SECAUCUS, NJ—Panasonic has introduced several new telephones, including a compact FM/AM telephone clock radio, an integrated telephone with three-line capacity and a cordless model.

The RC-T370 FM/AM telephone clock radio features a built-in speaker phone, last number automatic redial, switchable tone/pulse dialing, a lockable mic mute button and a ringer switch (Hi/Low/Off). The clock radio portion is equipped with a green LED dial display for reading of settings in the dark, and dose and sleep functions. The unit will be available in August and will carry a suggested retail price of \$199.95.

The Panasonic model KX-T3160, an

integrated telephone with three-line capacity, features a built-in speaker phone, automatic dialing and "K" type handset. A system of LED signal indicators and different ring tones indicate the operation mode for each line (in-use, receiving or hold) and helps users distinguish which line is ringing. Other features include tone/pulse dialing, mute function, and on-and off-hook dialing. The KX-T3160 will be available in July for the suggested retail price of \$199.95.

The cordless KX-T3831 operates on a 46/49 frequency with a 64 personal changeable security coding system. Volume of both voice and ring can be adjusted on the remote unit. Other features include one-way paging,



Panasonic phone clock radio

Watch allows user to file 42 messages

CARLSBAD, CA—Innovative Time Corp. has debuted the Digital Quartz Memo Watch which allows the user to store up to 42 alpha-numeric messages. Dates, phone numbers or names can be programmed into the watch and displayed.

Other features include a calendar, four-function calculator, daily alarm, and 12/24 hour military/European time. Suggested retail is \$35.

Innovative Time Corp., 6064 Corte del Cedro, M, Carlsbad, CA 92008.



Innovative Time watch

Answerer lets user program functions

PORTLAND, OR—Code-A-Phone Corp. has introduced two answering machines that permit user programming of four primary functions: security code, ring delay/toll saver, message length and answer-only. An LED display above the record button indicates program status and modes and also serves as a two-digit call counter.

The model 2300 retails for \$129.95, the model 2350 for \$159.95.

Code-A-Phone Corp., P.O. Box 5656, M, Portland, OR 97228.



Audiotel suitcase cellular phone

Pfanstiehl unveils an installation kit

WAUKEGAN, IL—Pfanstiehl Co. has introduced a wall phone installation kit to its Pfanstone line of telephone accessories. The TL-WMT-JJ is \$7.89.

Pfanstiehl Co., 3300 Washington St., M, Waukegan, IL 60085.



Pfanstiehl installation kit

Technico has telephone featuring a clock/timer

NEW YORK—Technico has introduced a multi-function telephone featuring a clock/timer complete with LCD display. The timer on the model TT-203 has one-second increments to a maximum of 60 minutes. The clock, timer and telephone number being dialed are visible.

Technico, 989 Ave. of the Americas, M, New York, NY 10018.

Cellular unit offers five-year warranty

HAUPPAUGE, NY—Audiotel has introduced a suitcase cellular telephone featuring a five-year warranty covering parts and labor and an electronic message recorder that either records numbers or leaves a call forwarding number. The CMT-1200 unit contains Audiovox's CMT-1000 cellular phone and portable accessories in a Samsonite Survivor briefcase and retails for \$2,250. The CMT-1300 and CMT-1350 contain the same telephone and accessories in a Halliburton case for a slightly higher retail price.

Audiotel, 150 Marcus Blvd., M, Hauppauge, NY 11787.

TTC robot serves coffee, plays tape, uses vacuum

CARSON, CA—TTC has introduced the expandable Hearoid robot as a fully-programmable voice-recognition robot. According to TTC, Hearoid will play a tape, bring the morning coffee, and lead the way at night with headlight eyes.

The robot features an infrared sensor, photo sensor, super-sonic sensor, vacuum cleaner holder and tracer tape capability. Hearoid can handle a dustbuster type vacuum on a programmed path. When the user carries a transmitter, the robot can follow using the super-sonic sensor.

TTC, 2009 East 223 St., M, Carson, CA 90610.

"What I need is a support program that really moves my CB's."

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A URALLA PUBLICATION

JULY 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDDOOLS RETAILERS, WHOLESALERS AND DISTRIBUTORS

Deal Fever

**...and what it's doing
to the consumer electronics industry**

Also in this issue:

CES wrap-up on audio/video systems, computers, telephones, microwave ovens and more

Does halogen have a future as a cooking medium?

Bridal-oriented events ring up sales for savvy housewares retailers

IE3056 PERSONAL ELECTRONICS 780

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New home computers offer more power for less money

By Catherine Stevens, assistant editor

CHICAGO—Mass merchants and consumer electronics stores may prove stiff competition for computer specialty stores in the fourth quarter of 1986.

At the Summer CES, Atari, Commodore and Amstrad (a new entrant from Great Britain) unveiled models, all aimed at stealing market share from their new adversaries at the high end, Apple, IBM and others. All offer what consumers are asking for: more power at a lower price.

While the industry recently has been assailed with the question "Why should consumers buy a home computer?" and hurt by slow sales, manufacturers appear optimistic, but realistic, too. Yes, they say, there is a viable home computer market; it just isn't growing as rapidly as was predicted.

New model from Atari

One of the big surprises at the CES was a new machine from Atari, the 260. When company chairman Jack Tramiel announced in May that the long-awaited 520 ST would go to specialty stores, and that the 130 ST was cancelled, it seemed that Atari had left the mass merchants with only the lower powered models that consumers had been ignoring.

But, far from abandoning the mass market, the company is giving these retailers their most powerful machine yet. The Atari 260 STD, with 260K RAM, a built-in disk drive and a modulator to connect it with a TV screen, will sell for \$499. The 260 ST, without the built-in disk drive, will retail for \$399.

"It's just like the 520 ST, except in memory capacity," said James Copland, Atari's vice president of marketing. "We want to deliver the most sophisticated technology at prices people can afford."

Although shipping dates for the 260 had not been set at press time, Copland said that merchants should have the models in time for the

Christmas selling season, "if they (the dealers) meet our terms and conditions."

"If they do not, we'll give it to the specialty stores," he said. "I want retailers to know that it's a two-way street." Copland was not specific about what those terms were, but said they concerned price, shipping, freight charges, etc.

Meanwhile, the 520 ST, which Atari would like to see in the specialty stores, is scheduled for delivery beginning July 8.

Some software publishers like Spinaker and Infocom are already developing software for the ST family, but many others are waiting to see if Atari can make a good market.

"The industry is in the doldrums, and they have nobody to blame but themselves," said Copland. "There wasn't any new technology. The industry lost its excitement, energy and drive. We're trying to bring that back."

"A reason to buy?" he continued. "It seems obvious to me that if almost every school and business in America is buying a computer, that's enough of a reason to buy a computer for a child."

Amstrad, the newest entrant to the

U.S. computer market, is also giving the consumers more power at a lower price. The company introduced the Amstrad CPC6128, touted as having "all the power of the Apple IIe at half the price."

The CPC6128 comes in two package configurations. Both include 128K RAM, CP/M and AMS DOS operating systems, Basic and Logo operating languages, a built-in disk drive and a bundled monitor. One system includes a high-resolution 640 x 200 full-color RGB monitor, operating software and Amstrad word processor and entertainment software, all for a suggested retail price of \$799. The other system includes an 80-column monochrome green monitor, operating software and WordStar for a \$699 list price.

Alan Sugar, founder and chairman of Amstrad, believes in selling computers "ready to go." "The average person who wants a computer is put off at the thought of having to buy a keyboard, disk drive, monitor, and software separately," he said.

"We've found that dissatisfaction with add-ons has been one of the biggest stumbling blocks in the home computer market. Amstrad computers are truly 'ready to go' in terms of including all the hardware and operating software that consumers in the home/office category will need to start computing," Sugar added.

Amstrad is still working out its

(Continued on page 23)



CROWDS FLOCKED to Atari's booth at the Summer CES to view the firm's newest model, the 260 STD. The company, which made a last-minute decision to exhibit at the show, expects to have the unit in stores by the holiday season.

Push product benefits to boost phone/answerer sales

By Regina Eisman, assistant editor

CHICAGO—Feature-laden telephones, sporting everything from last number redial all the way up to a full answering machine, were unveiled by manufacturers at the Summer CES.

The once-strict divisions between the basic phone, the feature phone and even the answering machine continued to blur as vendors scrambled to address a more sophisticated consumer.

At the high end, integrated telephone/answerers were much in evidence. And for as low as \$60, "enhanced basics" offered features such as last number redial and some memory.

What all this means for dealers is that customers are going to require more information about what these phones can do. Signs are good, educated clerks even better, say the manufacturers. But most important: Push benefits. Getting tangled up in tech talk will only lose the sale.

Dollar sales of integrated telephone/answerers currently comprise about 20 percent of the answerer market, according to James Owen,

president of Code-A-Phone. And he sees that figure climbing as high as 50 percent.

It's interesting to note, said Jeffrey McCollum, national sales manager for AT&T, that the product does not seem to be cannibalizing stand-alone answerer sales. The integrated phone/answerer "will just make the market bigger," he said.

William Kopp, assistant general manager for the home information systems division of Panasonic, said he sees the integrated unit as more of a high-end feature phone than an answering machine with a built-in phone. "I think there will be a shift towards these integrated units," he added.

Memory models abound

Among the companies unveiling new product at the show, Code-A-Phone introduced a \$169.95 integrated phone/answerer with a nine-number memory and a feature that allows the user to program the number of times the phone will ring before it is answered (from one through six rings). The answerer offers a beepless remote and an LED call counter.

AT&T showed two new integrated models. The \$139.95 5000 has a nine-number memory and last number redial. The non-remote answerer offers a prerecorded outgoing message, variable message length, ring selection and the ability to record a phone conversation. The \$249.95 model 5500 includes a dual-cassette remote answering machine with a 12-number memory and call forwarding.

Other integrated units were unveiled by Phone-Mate, which had a \$159.95 model and a two-line unit for \$279.95. And Unitech showed a \$129.95 model as well as units that don't take messages but can be programmed to tell the caller what time he should call back or at what number the phone's owner could be reached. This system comes in a one-line (\$89.95) and a two-line (\$99.95) model.

Two-line phones also were introduced by almost every major supplier. "It's interesting to see how many homes put in two lines, especially if they have teenagers," said Bruce Penslar, executive vice president of

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Peripherals are more than add-ons: they sell computers

By Catherine Stevens, assistant editor

CHICAGO—Some peripherals shown at the Summer CES could do more than just provide add-on sales for retailers—they could actually bring consumers into the stores to buy computers. The industry has been trying to develop new functions and applications to rejuvenate the home computer market, and these products may succeed in doing just that.

Heading the list is a CD-ROM (compact disk read only memory) jointly developed by Atari and a company called Activenture. The device allows one laser disk to store information that would require 1,500 floppy disks. It's first application: an entire encyclopedia.

Also on display was a home control system from X-10 (USA), Inc. In league with a home computer, it can be used to control all of the electrical devices in a home, a goal for which the industry has been aiming.

Finally, some critics have said that using a home computer should be "as easy as talking." Now it can be. Eng Manufacturing has introduced a Voice Command Module that allows the use of voice control. And Welwyn Currah showed a speech synthesizer, allowing the computer to speak as well as listen.

CD-ROM draws crowds

"We've given consumers a reason to buy a computer," said James Copland, vice president of marketing for Atari. Demonstrations of the CD-ROM were almost non-stop at the firm's exhibit, and sizable crowds filled the room each time.

Linked to Atari's 520 ST via Digital Research's GEM graphic interface, the peripheral demonstrated Activenture's Facts and Figures software, containing a full set of encyclopedias (brand as yet unrevealed) searchable by keyword.

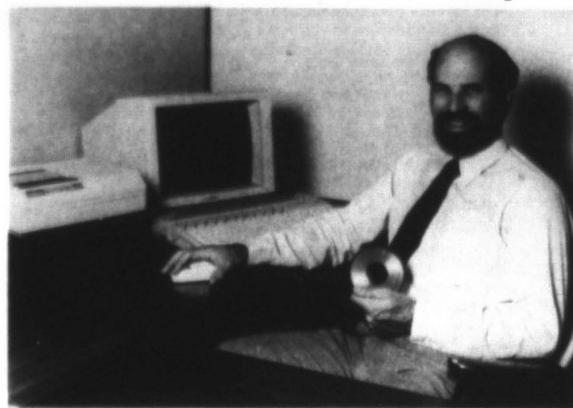
Rather than just storing music, currently the most popular application of laser disk technology, the CD-ROM standard allows dense digital information storage that can represent words, pictures, sound, programs and data structures. A single five-in. disk holds over 500 million characters, 540 megabytes of storage.

"They are inexpensive to produce and reproduce, and virtually indestructible," said Tom Rolander, vice president of engineering for Activenture. "It's much cheaper to produce an encyclopedia on one of these than it is to do it on paper. These disks are ideal for mass distribution of information that was previously accessible only through expensive database networks and mainframe computers."

"I've been sitting here at CES thinking of other uses for the CD-ROM," said Copland. "Besides the obvious educational uses like having the encyclopedia on the disk, or business applications like medical or law reference books, imagine this: You come home from work late, look in the refrigerator, and all you've got is hamburger, onion, tomato, celery and carrots. If you have a cookbook (or two) on disk, you can just plug in those words and see all the recipes that you could make with those ingredients."

"Or, let's say you live in New York, and you want to find a restaurant with a particular dish," he said. "If you have a restaurant guide on the disk, and plug in the disk, you'll get your list of restaurants."

"CD-ROM's could get computers in-



AN ENTIRE ENCYCLOPEDIA can be stored on a CD-ROM disk, and the process is much less expensive than printing the same information on paper, says Activenture vice president of engineering Tom Rolander. "They are inexpensive to produce and virtually indestructible," he says of the disks.

to every home in a couple of years," said Sat Khalisa, president of Kriya, a software publisher. "I can see Bell Telephone deciding to put its directory on laser disk because it's cheaper than paper."

Atari is hoping to commence CD-ROM shipments in September. The price range for the peripheral, initial software and interface will be \$500 to \$600. But Rolander predicts that as the popularity of the product increases, the price of software should drop to about \$50.

X-10 (USA) is giving consumers yet another motivation to buy a home computer—home control. X-10's Powerhouse interface, offered for the Apple II series and Commodore 64, gives the home computer power to control everything electrical in the home: lights, TV's, stereos, heating and air conditioning systems, etc.

The Powerhouse interface is a small peripheral that is actually a self-contained microcomputer with its own microprocessor and memory. It is backed up by a battery that can sustain it without AC power for more than 100 hours.

This unit sends signals over AC wiring to control up to 72 lights and appliances plugged into system X-10 modules, which in turn are plugged into 120-volt outlets throughout the house. Suggested retail for the Powerhouse unit, interface and software is \$120.

"We've given home computers something really useful to do around the home," said Peter Lesser, president of X-10 (USA). "The home control market has been experiencing slow growth, but it's set to take off. The main obstacle is consumer awareness."

Computers speak, listen, obey

It's been said by critics that until using the computer is as easy as talking, it won't be a mass market item. Now, Eng Manufacturing, with the introduction of its Voice Command Module, VCM-64, is attempting to take the computer one step closer to that ideal.

"We expect in about three years to get rid of the keyboard," said Wayne Evans, sales manager. He demonstrated how, with voice command and the VCM-64, he can tell the computer to perform almost any function, including opening a file, moving a cur-

built-in software that does not use up RAM from the basic workspace. The unit's voice can be adjusted for intonation, syllable emphasis or local pronunciation. Key voicing capability enables the keys to speak as they are pressed. And direct text-to-speech capability is possible.

"We are opening a new computer application for the disabled," said Brian Carroll, U.S. marketing manager for Welwyn Currah. "Using a modem and software provided by a third-party developer, Rist, Inc., the Voice Messenger can translate transmitted text directly into speech."

Carroll claims that Welwyn Currah sold about 80,000 copies in one year of its first speech unit, developed for the Sinclair computer and sold in the U.K. "There are about three million Commodore owners that are potential buyers for the Voice Messenger," he said. The product will be sold through a variety of outlets, including K mart, which is testing the product.

New horizons

Other peripherals shown at the CES may signal new applications for computers in the future. Computer Magic's Robot Link, a microcomputer interface, allows a home computer user to program any Tomy robot and expand its capability. "The age of the robot is coming," said Robert Nathanson, president of Computer Magic. Soniture, Inc., introduced a three-dimensional input device, called the Space Pen, which could provide not only new applications for users but possibilities for software development as well.

The Space Pen is comprised of a receiver frame and a pencil-like pointer (transmitter) that can be held up to six ft. in front of the frame.

"The keyboard is rapidly being bypassed as a computer controlling device," said Paul Terrell, president of Soniture. "Programs are more fun to operate when you can sit back in a comfortable chair six ft. from the computer and wave your hand."

New hardware models will revitalize the market

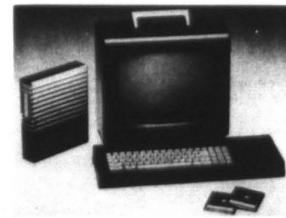
(Continued from page 22)

distribution channels, but is aiming the CPC6128 at consumer electronics stores, department stores and computer stores. "Some mass merchandisers will be viable," said Sugar. "But we want this computer kept out of the drug stores and supermarkets. We don't like to see computers sold in the same place as toothpaste."

Unlike any other computer in the U.S. so far, Amstrad uses a three-in. case-protected floppy disk. This could cause problems in terms of software availability. But, in addition to software bundled with the CPC6128, Amsoft Publishing House has published almost 100 titles in the three-in. format, and Amstrad is negotiating with U.S. software developers.

Commodore, the leader in the mass market for computers, was showing its C128 at CES. This model features 128K RAM (expandable to 512K), CP/M and C64 capability and full-color 80-column display. The C128 is priced at under \$300, and Commodore is leaving it up to the individual retailers to offer bundling with monitors or software.

"Ours is the first medium-priced machine in the industry," said Thom-



THE AMSTRAD CPC6128 uses a three-in. case-protected floppy disk unique to the market. The company is negotiating with a number of software developers.

as Rattigan, president of Commodore. "We expect to sell about 500,000 units from launch date (early July) to the end of 1986. The C128 will pay the rent for Commodore for the next 12 months."

"I think the C128 will revitalize the market," he continued. "There's a cloud over the industry. The expectations created when the computer industry was growing like crazy were not met. The market is healthy, and growing, just not as fast as we had predicted."

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NEWSLINES PERSONAL ELECTRONICS

12395



Spectravideo MSX Express
will retail for about \$595



Bulova names Kruse
assistant v.p., watch marketing

NEW YORK—RCA Service Co. has been selected by Commodore to provide nationwide warranty service on computer equipment that is covered by warranty. Walk-in facilities for customers and non-servicing retailers will be located in each of RCA Service Co.'s 158 branches in the U.S. for delivery and pick-up of equipment.

The Commodore models C16, C64, Plus 4 and Vic 20, the C1541 disk drive and the C170 color monitor are included in the service agreement. RCA will also provide after warranty service and offer long-term service contracts.

TEMPE, AZ—Statmark, Inc. has introduced an anti-piracy Software marketing concept, designed to combat the software piracy problem by converting users into marketing allies.

The company is authorizing users to copy and distribute special limited-use, saleable evaluation copies to other prospective buyers with the added incentive of earning commissions if the product is subsequently purchased.

Statmark will pay 37 percent in commissions on the purchase price of the product through four levels of distribution and encourages users to copy and hand out unlimited numbers of copies to increase the chances for potential sales. Distribution is tracked by Statmark on the disk to ensure proper credit.

NEW YORK—The MSX computer will be introduced to the U.S. market in September by Spectravideo, Inc. "The MSX Express home computer is our entrant to establish a strong retail base for Spectravideo in the home market," said John Constantine, president of Spectravideo. "Within the next six months, a number of Japanese manufacturers are expected to announce their own MSX product introductions, legitimizing this hardware and software standardization."

Spectravideo's Express home computer features a built-in 3.5-in floppy disk drive, 64K RAM and 80 column capability, and, with bundled software, will retail for about \$595. Currently, software will be supplied by Japanese manufacturers, but the company expects that as other MSX machines hit the U.S. market, software vendors here will begin production of compatible programs. Spectravideo expects that the mass market will get about 50 percent of the retail distribution for the MSX Express home computer.

NASHUA, NH—Nashua Corp. has introduced its own branded line of hard and floppy disks. The company plans to distribute eight-in. and high density single or double-sided 3.5-in. and 5.25-in. through both specialty stores and mass market channels.

The company's new robotics facility produces the 5.25-in. diskettes in high volume, and has improved the quality so that only about one quarter of one percent of the diskettes are returned. "We've been very successful in the OEM market, and we plan to be a leader in the retail market, too," said Sherman Silverman, director of marketing and sales for Nashua. "I think that a shakeout among disk manufacturers is coming, and soon we'll see only about 12 left. Nashua should be one of them."

HAUPPAGE, NY—Audiovox Corp.'s AudioTel division has signed agency agreements with six telephone companies to promote cellular services through local Audiovox subsidiaries.

Bell South Mobility's (Atlanta, GA) cellular service is being publicized through Audiovox branches in Memphis, TN, Louisville, KY and the five retail stores of Audiovox's Atlanta distributor, American Radio.

Alltel Mobile Communications (Hudson, OH) service is supported by Audiovox in the Charlotte, NC area. In the Greensboro and Winston-Salem areas, Audiovox is promoting cellular service for Central Cellular Co. (Greensboro, NC).

Audiovox is also launching cellular service for Contel Monilcom Inc. (Atlanta, GA) in the Norfolk and Richmond, VA area.

Knoxville, TN cellular service, offered through United States Cellular (Tulsa, OK) is supported by the Audiovox branch in that city.

In addition, Audiovox will promote cellular service offered by Ameritech (Cincinnati, OH) in Cincinnati.

MANAGEMENT MOVES—Mura Corp. has appointed Larry Poland to the position of western regional sales manager and Jill Lucchetti as sales administration manager . . . Ann E. Sabee has joined Trillium Telephone Systems Corp. as northeast district sales manager . . . Texas Instruments announced that Jerry R. Jenkins has been appointed president and chief executive officer. Previously, Jenkins served as an executive vice president responsible for TI's business activities in government electronics, data systems and industrial controls . . . Bulova Watch Co. has named Gloria Kruse as assistant vice president for watch marketing operations, and Robert Weber as vice president of operations . . . Royal Consumer Business Products has expanded its marketing department with the appointment of Robert Nell to manager of product development and Ronald Sok to the position of manager of advertising and public relations.

OLD BRIDGE, NY—Improving the writing and reading skills of children nationwide is the aim of Woodbury Software and Grolier Electronic Publishing. These companies are jointly sponsoring the Great American Writing Contest, a promotion linked to Woodbury's PlayWriter software series.

Entrants will write, edit and print their own novels using Adventure in Space (fourth grade and below), Castles & Creatures (fifth-sixth grade) or Mystery! (seventh grade and up). Entry blanks will be distributed through schools and retailers carrying PlayWriter products as part of a back-to-school campaign. Entries will be accepted October 15 to January 15, 1985 and will be judged on the basis of content, grammar, originality, spelling and overall effect.

LAKE SUCCESS, NY—Reasoning that college students decide on electronic typewriter purchases while their parents pay for them, Canon is directing its Typemate 10 ads to two different audiences, family and students.

Magazines such as Good Housekeeping, Sports Illustrated and People will carry large space, full-color ads announcing the Typemate 10 as the "ideal typewriter for the beginning typist." The ads include a \$10 rebate coupon for typewriters purchased during graduation season, May and June. Students will see the ads in Spin, Rolling Stone and Sport.

PERSONAL ELECTRONICS/NEW RELEASES IN COMPUTER SOFTWARE

GAMES

APBA MAJOR LEAGUE PLAYERS BASEBALL, Random House. IBM PC, PCjr, XT-and AT-compatible. Available now. Suggested retail price \$89.95.

CHECKERS, Yu-Can. Commodore 64-compatible. Available now. Suggested retail price \$29.95.

FANTAVISION, Broderbund. Requires Apple II+, IIe or IIc with at least 64K. Available now. Suggested retail price \$49.95.

I, DAMIANO, Bantam Electronic Publishing. Currently compatible with IBM PC and PCjr. Apple II series, and will be Commodore and Macintosh-compatible later this year. Available now. Manufacturer's suggested retail price \$39.95.

ON-TRACK RACING, Gamestar. Commodore 64- and Atari-compatible. Available now.

ROGUE, Epyx. IBM PC- and PCjr-compatible. Available now. Suggested retail price \$30.

SHERLOCK HOLMES IN "ANOTHER BOW", Bantam Electronic Publishing. Currently compatible with IBM PC, PCjr and Apple II series. Available now. Suggested retail price \$39.95.

STRIP POKER, Artworx. Macintosh-compatible. Suggested retail price \$39.95.

SUMMER GAMES II, Epyx. Commodore 64- and Apple-compatible. Suggested retail prices range from \$19 to \$29. Available now.

SWORD OF KADASH, Penguin Software. Apple II- and Commodore 64-compatible. Available now. Manufacturer's suggested retail price \$34.95.



EDUCATION

ANIMAL PHOTO FUN, DLM Teaching Resources. Apple II series-compatible. Available now. Suggested retail price \$29.95.

GREAT GONZO IN WORDRIDER, Simon & Schuster Electronic Publishing. Compatible with Commodore 64 and Apple II series. Available now. Suggested retail price for Commodore version, \$29.95, for Apple version, \$34.95.

KERMIT'S ELECTRONIC STORY-MAKER, Simon & Schuster Electronic Publishing. Available now. Apple version, \$29.95, Commodore 64 version, \$34.95.

LOVEJOY'S PREPARATION FOR THE SAT, Simon & Schuster Electronic Publishing. Available now. Compatible with IBM PC, PC-XT, PCjr, Commodore 64 and Apple II series. Suggested retail price \$69.95.

MYSTERY!, Woodbury Software. Apple II-, Commodore 64-, IBM PC- and PCjr-compatible. Available now. Suggested retail price \$39.95.

ROAD RALLY U.S.A., Bantam Electronic Publishing. Apple II-compatible. Available now. Suggested retail price \$39.95.

SCIENCE TOOLKIT MASTER MODULE, Broderbund. Compatible with Apple II series. Requires at least 64K and one disk drive. Available now. Suggested retail price \$59.95.

SNOOPER TROOPS, Gessler Educational Software. Available now in Spanish, German and French versions. Apple II-compatible. Suggested retail price \$49.95.

TURTLE TUTOR: A FIRST COURSE IN LOGO, DLM Teaching Resources. Requires Apple or Commodore Logo. Available now. Suggested retail price \$44.

WALLY'S WORD WORKS: THE PARTS OF SPEECH GAME, Sunburst. Compatible with 48K Apple and Atari, and Commodore 64. Available now. Suggested retail price of \$65 includes teacher's diskette, backup and teacher's guide.

WARE RESOURCE GROUP. Compatible now with Commodore 64 and Apple II series. Suggested retail price \$49.95.

COMPLETE SCARSDALE MEDICAL DIET, Bantam Electronic Publishing. Apple II- and IBM PC/PCjr-compatible. Suggested retail price is \$39.95.

MODEL DIET, Softsync. Available now for the Apple II series, IBM/PCjr and Commodore 64. Suggested retail price is \$29.95 for the Commodore, \$34.95 all others.

NUTRI-BYTE WEIGHT LOSS PROGRAM, ISC Consultants. Available now for IBM PC and Apple II computers. Suggested retail price is \$79.95.

PERSONAL ACCOUNTANT, Softsync. Available now for Macintosh, Apple II series, Commodore 64 and Atari. Suggested retail price is \$89.95.

TRIO, Softsync. Available for Commodore 64 at suggested retail price of \$69.95. Apple II series and IBM/PCjr versions available at suggested retail price of \$99.95.



PERSONAL PRODUCTIVITY

BANK STREET FILER, Broderbund. Available in 64K and 128K versions for the Apple II series. Suggested retail price \$69.95.

BANK STREET MAILER, Broderbund. Available in 64K and 128K versions for Apple II series. Available now. Suggested retail price for either version is \$69.95.

BROWN BAG SOFTWARE, Soft-

More features, including memory, are going into basic phones

(Continued from page 22)

United.

"For homes with a business or with a personal computer, two lines aren't even enough anymore," commented Panasonic's Kopp, whose firm brought out a three-line unit.

Basics have benefits

While most vendors see basics as a strong area, they also realize that the product is not what it used to be. "Even the basic phone today has some memory and last number redial," said Louis Gervolino, vice president of retail sales for ITT's consumer and business communications divisions. "The consumer preference is for features, but they must make sense."

Robert Luth, chief executive officer of Mura Corp., said that his firm is "finding good sales for feature phones, and more features incorporated into the basics."

And at AT&T, McCollum predicted that "in the future, the consumer will get even more function crammed into the traditional retail price point."

"I think the line between the feature phone and the basic phone is going to get very blurred," noted Kopp of Panasonic. "A lot of things we now see only on business phones will appear on consumer phones as well."

Among the phones unveiled at the CES were a 10-number-memory unit with auto redial and a two-line unit with separate rings and third-party calling for \$99.95, both from ITT.

GTE introduced 15 new products, including full-featured one- and two-

line phones with 20-number memories, units with nine-number memories and models with just a few features, like a mute button, a line-in-use indicator and tone/pulse dialing.

While the vendors agreed that some features will be important to consumers this year, they also indicated there is a danger of offering too much too soon. And ITT's Gervolino said he believes that "multi-feature phones with 100-number memories, voice synthesis and other advanced features will represent less than three percent of the market, at best."

Lawrence Reichenstein, vice president of Webcor Electronics, admitted that "I don't think we've been able to convince the consumer that he needs 32 memories," even as his firm introduced a 32-number-memory phone, slated for fall delivery. "The multi-feature phone is an up-and-coming category," he said, "but it will edge up slowly. Right now, the basic is number one."

Marty Levine, director of sales for GTE's consumer division, agreed that while "multi-feature phones are a growing category, over 40 percent of phone sales are now in basics, and that includes enhanced basics."

More bullish on advanced feature phones is Trillium Telephone Systems, which introduced a unit with a feature module that can be programmed like a computer. A second module, which will be able to turn lights and appliances on and off, is in the works for the fall. The market for such products, however, will be "very

defined," commented Greg Hawkins, director of sales and marketing for the firm's U.S. operations.

As more and more of these feature phones reach the market, how can dealers sell them effectively?

"Proper display and signage is essential, and the retailer must have a department in the store devoted to telephones," said Gervolino of ITT. "I've seen phones in hardware departments, and I've seen them placed with clock/radios."

"A display item alone won't do that much," advised Mura's Luth. "The person behind the counter has to be aware of the product."

"A lot of people will look at price because they don't know enough about the product," said Owen of Code-a-Phone. "The retailer should achieve price points that are attractive, but that doesn't mean that he should be driven towards carrying \$10 phones."

According to AT&T's McCollum, "what's needed is information that translates the functions into user-oriented benefit statements, as opposed to technical statements. For example, 'beeperless remote' might not mean anything to the consumer, but saying, 'you don't have to carry a beeper' does mean something. Don't use too much jargon."



FEATURE PHONES and basic units are becoming less distinct categories, says William Kopp, assistant general manager, home information systems, Panasonic. Here, Kopp (left) shows a phone to Jerry Bevignani, sales rep of Cibcoa.

PERSONAL ELECTRONICS PRODUCTS

Epson adds portable printer, dot matrix, daisy wheel units

TORRANCE, CA—Epson America has made several additions to its line of computer printers: the P-80X, a portable letter-quality printer; the Spectrum LX-90 dual mode dot matrix printer; and the DX-10 and DX-20, two daisy wheel printers designed for the home and small business.

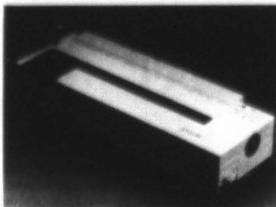
The P-80X was designed specifically for use with Epson's Geneva portable computer. It prints in 10 picas and 10 elite typestyles, including normal, enlarged, condensed, italics and emphasized, allowing a range of 40 to 144 characters per line, both single and double density. The P-80X provides letter quality printing at 23 cps and 45 cps draft mode in a variety of typestyles. It weighs approximately four

lbs. Suggested retail price for the P-80X portable printer is \$249.

The Spectrum LX-90 dual mode dot matrix printer features both draft and near-letter-quality printing. The printer interface cartridge offers plug-in compatibility with the IBM PC and PCjr and the Apple IIc.

This 80-column printer operates at 100 cps in draft mode and at 16 cps in the print mode. Suggested retail price for the Spectrum LX-90, including the interface cartridge and tractor and friction paper feed, is \$389.

The DX-20, a 110-column daisy-wheel printer, provides 20 cps printing speed and includes all of the features of the DX-10 plus a 1K byte print buffer (expandable to 7K bytes), a



Epson P-80X portable printer

Diablo All-Purpose-Interface and an optional keyboard that allows the printer to function as a conventional typewriter.

Both printers can produce two carbonless copies plus the original. Suggested retail price for both models is less than \$500.

Epson America, Inc., 2780 Lomita Blvd., M, Torrance, CA 90506.

Dot matrix system offers better clarity

PARAMUS, NJ—Two new thermal transfer printers, models 220 and 250, were introduced by Sharp. Both offer high clarity and readability by use of a high density dot-matrix thermal character generation system.

Model 250, weighing 11 lbs., operates at up to 35 characters per second in its high-quality mode and 70 characters per second in the draft mode. The unit prints 240 dots per in. resolution and 10 characters per in. It can be used with roll paper, single sheets or fan-fold paper up to 12-in. wide. Available in the first quarter of this year, it will retail at a suggested \$399.

Model 220 is more portable, weighing 7.7 lbs. It operates at 30 characters per second in its high quality mode and 50 characters per second in the draft mode. It prints 120 dots per in. resolution and 10 characters per in. Like model 250, model 220 can be hooked to a computer via a Centronics-style parallel interface. Scheduled for delivery in the first quarter, it will retail for a suggested \$199.

Sharp Electronics Corp., 10 Sharp Plaza, M, Paramus, NJ 07652.

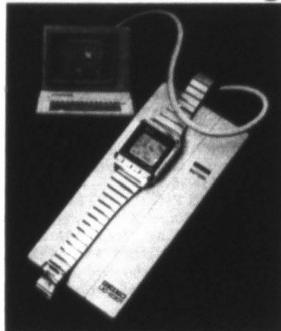
Seiko combines a watch with a computer to provide detailed electronic scheduling

COMPON, CA—It's a watch. No, it's a computer! The Seiko Datagraph 2001 and RC-4000, introduced by the consumer electronics division of Hattori Corp., provide detailed electronic scheduling on a wrist or pocket watch.

The Datagraph 2001, compatible with the Apple-II series computers, features 2K RAM storage, built-in chime, information scheduling divided and prioritized in up to eight user-defined categories, and TimeTrax software to organize daily schedules for a year in advance. Included in the suggested retail price of \$199 are the Datagraph 2301 interface module which hooks directly to the Apple II I/O port and the TimeTrax scheduling software.

The RC-4000, available in September as a wrist or pocket terminal, is compatible with Apple, IBM and Commodore personal computers. Both models can be uploaded and downloaded by connecting to the computer terminal, and can edit or update information stored in the terminals even when not connected to the computers.

Features included in the RC-4000 are: schedule alarm that can be set up to a year in advance, memo data,



Seiko Datagraph 2001

programmable to display 24 characters per memo page, up to 80 pages, and a labeling function which allows data to be recalled by selecting respective labels. The suggested retail price for the RC-4000 wrist terminal is \$199; for the pocket terminal, \$139.

Hattori Corp. of America, Consumer Electronics division, 1330 West Walnut Parkway, M, Compton, CA 90220.

Canon unveils two display calculators

LAKE SUCCESS, NY—Two portable printing/display calculators have been premiered by Canon USA.

Each unit has a retractable stand that provides a tilted position when in use on a desk. The models print on a 2 1/4-in. plain roll paper. A large liquid crystal display is featured and the ultra-thin calculators can be carried in an attache case.

The P70-D model has 10 digits, one memory and six decimal position. The P60-D has eight digits, one memory and a four decimal position. Suggested retail price of the P70-D is \$42.95 and the P60-D is \$32.95.

Canon USA, One Canon Plaza, M, Lake Success, NY 11042-9979.

Royal intros 2 typewriters, 3 calculators

WINDSOR, CT—Royal Consumer Business Products has introduced two portable electronic typewriters and three calculators.

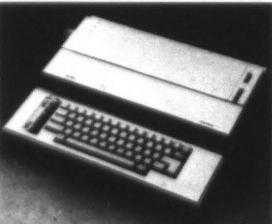
The Alpha 600 portable electronic typewriter incorporates daisy wheel technology and a drop-in print wheel, as well as dual pitch (10,12) capability. Features of the model include automatic centering, relocation and repeat keys, two-function automatic underline key, full range tabulation with set and clear keys, and LED carriage position indicator. The Alpha 600 also offers an optional Centronics/Parallel interface card. Suggested retail for the unit is \$349.95.

The Alpha 101 portable electronic typewriter also features letter-quality daisy wheel technology, dual pitch and an internal 32-character memory. In addition, the keyboard accommodates five extra keys for Spanish, French and German language symbols.

Other features include a full-range tabulation key, bold print option and automatic repeat for space, back-

space, return, period, underline, asterisk and equal sign. With carrying handle and snap-on cover, the Alpha 101 has a suggested retail price of \$299.95.

The calculators Royal introduced



Royal Alpha 600

include the solar powered DT100 desktop display calculator and the 10PD and 220PD print display calculators.

The Royal DT100 solar cell power

system permits use from either natural or artificial light sources. It features a 10-digit LCD display, fully addressable four-key memory and selectable decimal place settings. Suggested retail for the DT100 is \$22.95.

The Royal 10PD compact convertible print/display calculator with AC adaptor converts to a portable via optional internal paper storage feature and the four AA batteries. It features color-coded keys, short cut add-ons/discounts and 10-digit angled LCD display. Suggested retail for the Royal 10PD is \$39.95.

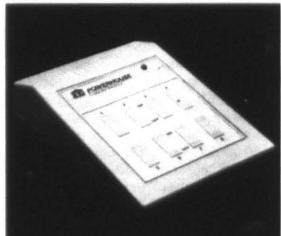
The 220PD desktop 10-digit print/display calculator features professional capabilities such as fully addressable four-key memory, gross profit margin key, date/non-add print key, independent adding machine and automatic constant multiplication and division keys. With ink roll cartridge, paper tape, instruction book and AC adaptor, the Royal 220PD retails for \$64.95.

Royal Consumer Business Products, 500 Day Hill Road, M, Windsor, CT 06095.

Interface controls household functions

NORTHVALE, NJ—X-10 (USA) Inc., has introduced the Powerhouse interface which, when connected with a computer, controls anything electrical in the home. Controlling lights, TV's, stereos, heating and air conditioning are some of the suggested uses.

The Powerhouse computer interface is a small peripheral, actually a self-contained microcomputer with its own microcomputer, that plugs into any Apple IIc, IIe or Commodore 64. It sends signals over the AC wiring to control up to 72 lights and appliances plugged into System X-10 modules, which in turn are plugged into convenient 120 volt outlets throughout the



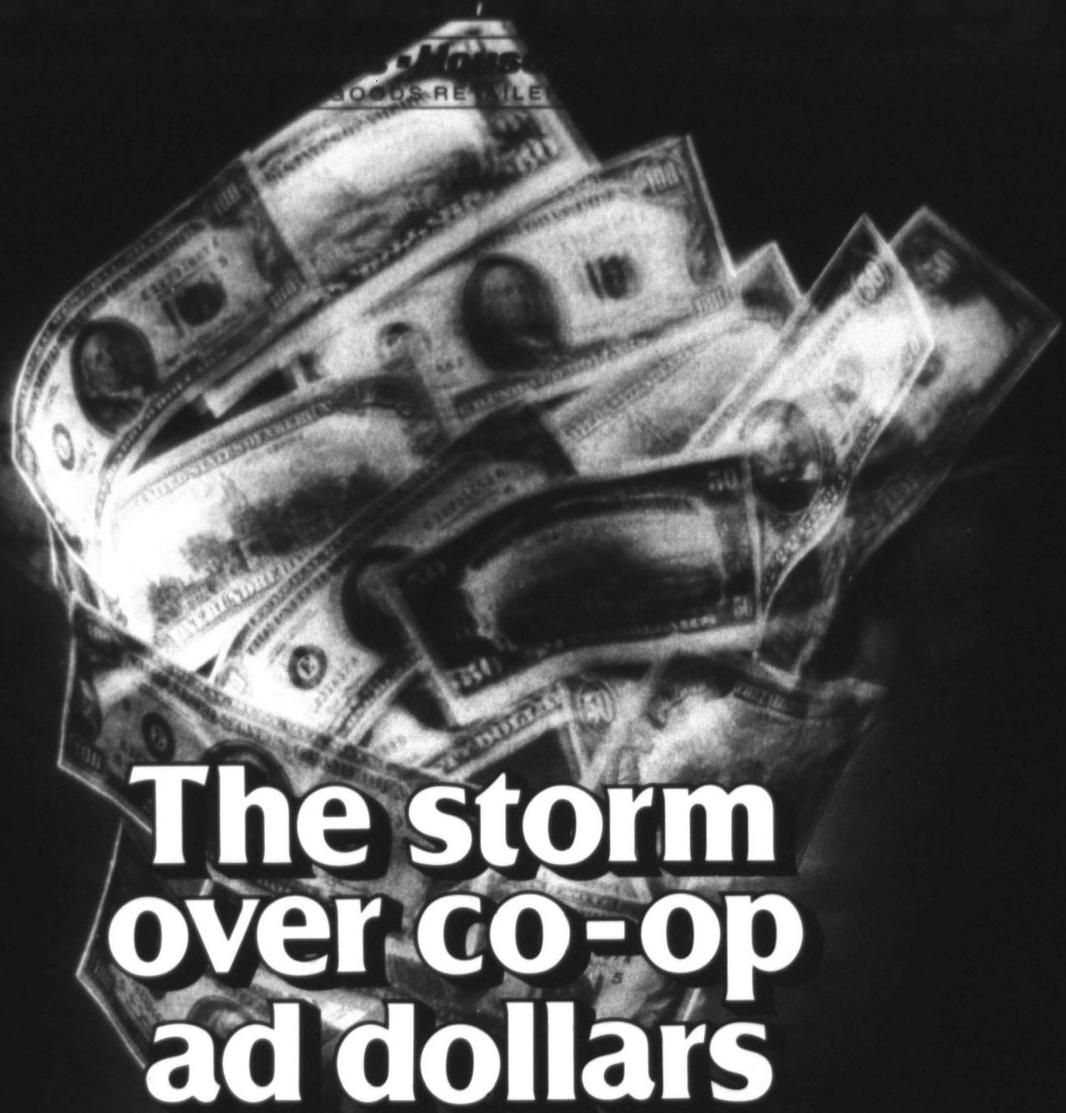
X-10 Powerhouse computer interface

house. Plug-in or X-10 modules and accessories are available from Sears and Radio Shack.

The interface is supplied with a complete home control software package on disk. The program takes the user step-by-step through each room in the home, and prompts him to use the joystick to select the lights, TV's, etc., he wishes to control. The user can operate them instantly, or program the times and days they should go on and off.

Suggested retail price for the X-10 Powerhouse interface, software disk and connecting cable is \$120.

X-10 (USA) Inc., 186A LeGrand Ave., M, Northvale, NJ 07647.



The storm over co-op ad dollars

**Abuses and inefficiencies cloud the use
of a powerful promotional resource**

Also in this issue:

- What's hot in consumer electronics?
- A cool early summer clogs the room air conditioner pipeline
- New competition comes on strong in retailing small electrics

WHAT'S HOT IN CONSUMER ELECTRONICS?

Retail electronics sales to hit \$34 billion in '86

By Lee Rath, editor/assoc. pub.

CHICAGO—Retail sales of consumer electronics products are cracking the \$32 billion mark this year and should be well on their way to \$34 billion in 1986, according to the Electronic Industries Association/Consumer Electronics Group (EIA/CEG).

"The upward march keeps on going," commented CEG vice president William Boss, who presented the association's statistical projections for 1985 and 1986 at the Summer CES.

In factory sales, the industry should reach \$23.6 billion this year and \$24.4 billion in 1986, he added, pointing out that the industry has "doubled our output in only five years. During the decade of the Eighties, we have brought to market more new products than in the prior 50 years."

What, among those products, are proving themselves to be the hottest of the hot this year, generating both significant sales and substantial increases? Boss hit some of the highlights.

Video holds its lead

"As an overall category, video continues to outpace the rest of the industry," Boss said, "and new technology promises to make it a continuing leader for years to come." The category is looking for growth of almost nine percent this year, hitting a plateau of \$11.2 billion in factory sales before declining ever so slightly to \$11.1 billion next year.

Leading the way is the VCR with 11.5 million units projected to be sold this year, rising to 12 million in 1986.

Part of the reason for this growth, said Boss, is the fact that the product is becoming more and more affordable. "As unit sales increase by more than 50 percent this year, the factory dollars will increase by only about 30 percent."

However, factory dollars are still projected to reach \$5 billion this year and retail dollars are expected to hit \$7 billion—almost the equivalent of color TV dollar volume.

Keeping pace, 185 million blank videocassettes are expected to be sold in 1985, up 39 percent. And another 32 percent jump in sales is predicted for 1986, for a total factory value of more than a billion dollars.

And, Boss noted, "With every videocassette manufacturer producing three shifts a day, seven days a week, there is still talk of shortages before the end of the year. Perhaps this means that once more blank cassettes will become a profitable commodity."

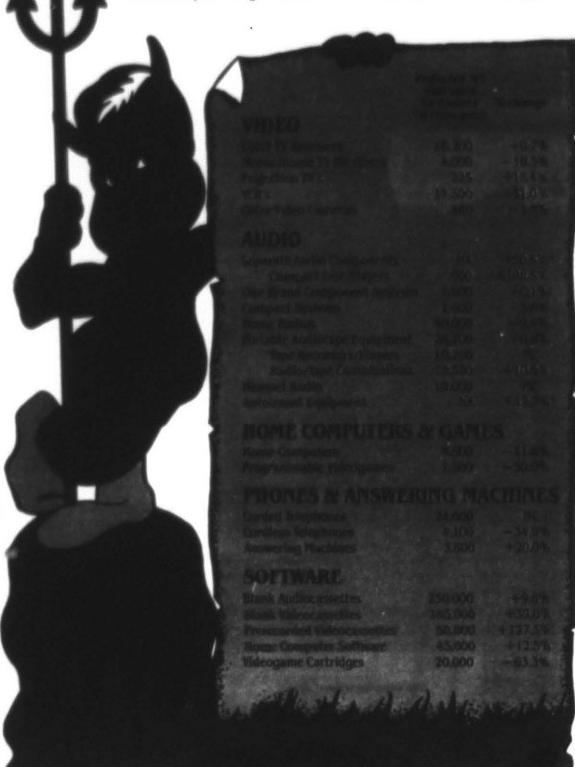
As for prerecorded tapes, the EIA/CEG expects they will hit at least the 50-million-unit level this year.

Color TV receivers seem to have reached "a golden plateau" of about 16 million units, said Boss. "That means that one out of every five households buys a new color television set each year. And with the tremendous impetus of stereo TV beginning to make itself felt, we are confident that this category will get the attention of more and more consumers in the coming months."

He pointed out that the Consumer Price Index shows that if TV had kept pace with the inflationary economy since 1967, the retail price of an average set today would be \$1,630. And 80 percent of all color-TV's are in use after 10 years; more than 50 percent are still playing after 15. "Apparently, our industry has just never

WHAT'S HOT IN CONSUMER ELECTRONICS?

Products expected to generate unit sales increases of 10% or more this year



All figures courtesy of the Electronic Industries Association/Consumer Electronics Group, June 1985
*Percent increase based on factory sales in dollars

learned about 'planned obsolescence' ...

In other areas, large-screen televisions sales continue to grow about 15 to 20 percent per year, with 225,000 units expected to be sold this year. And satellite earth stations also bear watching. As they move from "the sheep rancher and farmer to the urban and suburban cowboy, the one million installed units will be augmented this year by another half-million," said Boss.

Audio's hot again

The audio business, which Boss said had been "blindsided by the effects of the video revolution," is expected to reach \$3.9 billion in factory sales this year (exclusive of car audio), or more than \$5 billion at retail. "Next year, it will reach \$4 billion at the factory level, spurred on by the growth of relatively new product areas—one-brand systems, sophisticated portable stereo, headset audio and, of course, the compact disc."

Unit sales of one-brand systems are expected to grow more than six percent this year after quadrupling in 1984. "And we can expect the same unit sales increase next year," said Boss. Factory dollars per unit, he

pointed out, have remained "amazingly stable, probably reflecting the 'magical' price points of \$700 to \$800 for a system."

He quoted an EIA study that showed that ownership of component systems had increased from a fairly steady 31 percent in 1980 and 1982 to almost 38 percent in 1984. And of those component systems, rack-mounted systems accounted for 57 percent, up from 38 percent in 1982.

In the personal portable area, the EIA/CEG claims that unit sales will remain just about stable this year at 19 million units, with a five percent increase expected this year.

Portable radio/tape combination sales are expected to jump to 18.5 million units this year and 18.8 million in 1986.

Finally, compact disc players are expected to almost triple 1984 unit sales this year, with factory dollars up by 150 percent. "And the boom will continue into 1986," said Boss, "with 50 percent estimated growth in units and more than 30 percent in dollars. In fact, this category is growing so fast that industry experts anticipate shortages and back orders by year's end—especially at the low end."

As for car audio, it is projected to climb to \$2.8 billion this year (including both domestic factory-installed and after-market equipment), after a plateau that ended in 1983.

However, "Industry analysts tell us there is a significant shift going on within this universe to OEM equipment—particularly what we might call 'mid-fi,'" said Boss. He pointed out, though, that retailers still have significant opportunity in the high-end aftermarket, a "safe haven" at the present, and in related fields, such as security and cellular telephone installations.

Personal electronics: spotty

Unit sales of home computers are expected to drop to 4.5 million this year after peaking at 5.1 million in 1984. However, the EIA/CEG does expect that figure to climb to five million units next year. And the average dollar value of a unit is expected to hold steady at \$500 through '86, climbing from \$440 last year. "Retailers, look for this to be one of our categories for years to come," said Boss.

Cordless telephones also peaked in 1984, when 6.3 million units were sold. That figure is expected to dip to 4.1 million units this year before climbing to 4.5 million in 1986. Boss noted that cordless phones "have found their way into an estimated 11 percent of our homes."

As for corded telephones, they are expected to remain at the 24-million-unit plateau hit in 1984 through 1986, while factory dollars continue to fall from \$790 million to \$744 million to \$720 million.

This leaves most of the growth in the telephone end of the business expected in answering machines. Boss predicted they would continue their steady growth of about 20 percent per year in unit sales, rising from three million units last year to 3.6 million this year and 4.4 million in 1986 as factory dollars climb from \$230 million to \$277 million to \$334 million.

Looking to the future, Boss advised retailers to explore the cellular telephone market as an area of prime potential.

Future is bright

"One of my colleagues at RCA predicts that we have the power to make as much progress in the next decade as we have in the past 50 years," Boss said.

Among the products that he predicted retailers would be selling in the near future are:

- a recordable compact disc;
- wall-mounted television;
- high-density video;
- electronic climate control;
- videotex and teletext;
- two-way video communications, and
- the marriage of audio, video and the computer ... plus many other products that haven't even been dreamed of yet.

He invited retailers to picture this scenario: "Driving home from the office, you call ahead on your cellular phone to pre-mix your martini, turn on the 7 o'clock news and the air conditioner, start dinner in the microwave oven, turn on the lights, open the garage door and de-activate the security system."

"Sound fantastic?" Boss asked. "It's all possible today."

Computer helps Video Connection keep track of movies' popularity

By Richard A. Marini, contrib. ed.

RIVERDALE, NY—Tapping a few keys on the computer keyboard, store co-owner Luis Hernandez quickly pulls up a customer's file. It shows that the woman waiting to pay \$3.19 for a one-night rental of the movie *First Blood* is a charter member of this Video Connection's rental club and is thus eligible to receive one free rental per month for life. It is now three days before the end of the month and she's yet to take advantage of her free movie.

"If you don't use 'em, you're gonna lose 'em," Hernandez tells the customer with a grin.

With this offer the store loses \$3.19 in the short run, but probably gains a loyal customer in the long run. And it wouldn't have been possible without help from the store's computer, which sits unobtrusively on the sales counter near the front of the store.

Exact figures on the percentage of video stores that are computerized are not presently available. But according to Weston Nishimura, president of the Video Software Dealers Association (VSDA), the trend is toward computerization.

"A computer isn't an end-all," he said. "Whether or not a retailer needs a computer depends on what type of information he wants to compile. A computer is one way of getting this kind of information."

Computerizing costs \$13,600

A recent VSDA survey found that video stores spent an average of \$13,600 on computer hardware and software.

"The computer system was one of the main reasons my partner, Charles Attard, and I decided to buy a Video Connection franchise," said Hernandez. "We knew it would help us keep a tight rein on our business, and the software was part of the franchise fee."

Although the two owners had decided to "go the computer route" even before going into business, when the doors first opened several weeks before Christmas last year, all records were kept strictly by hand.

"We knew it was important to open the store before Christmas," recalled Hernandez. "But at the time we didn't have enough experience with the software. So we went without a computer for several months."

By the time the computer, a Kaypro 10, and the software package from Microfast in Seattle, WA, finally arrived, this Video Connection franchise, located in the Riverdale section of the Bronx, had already been open for almost five months. Rather than just starting from scratch and junking five months' worth of records, however, Hernandez and Attard painstakingly entered all the background data they'd accumulated into the computer. That task took another couple of weeks.

"The computer gives us information that would be difficult if not impossible to obtain otherwise," he explained. "So we wanted everything on file from day one. For example, we just put together our first list of store titles to determine which have been profitable and which ones we might want to get rid of."

The printout Hernandez produces

lists each title in the store's inventory and includes its list price, the price the store paid, value depreciated (determined according to an accelerated rate over a three-year period) and its present book value. Also recorded, for the current month, the previous month and year to date are the number of times each title has been rented, the number of days it has been out of the store and how much money each has brought in. The computer automatically takes into account free rental days and breaks out individual copies of a single title for inspection.

Printout tracks performance

For example, the printout shows that since the first of the year the movie *1941* has been rented only six times and has been out of the store for a total of seven days; not a terribly good performance.

"That's a tape we might consider brokering out," said Hernandez.

On the other hand, the store's three copies of *48 Hrs.* have brought in a total of \$197.10 since they were first purchased.

"We only paid \$18.95 for each tape because Paramount was running a special at the time," explained Hernandez. "So they've been very profitable."

"But if you look here," he said, pointing to another portion of the printout, "you'll see that during the past two months we've only made a total of about \$29 from all three. This tells us that the film's popularity is declining and we might want to get rid of two of our three copies, although we'll probably always keep at least one in inventory."

The menu-driven program also keeps running totals of the day's activities, including the number of customers, rentals, returns, new members, free days (Tuesday and Wednesday and two-for-one days) and free rentals. Cash is traced from the beginning of the day to the closing balance, with figures for the amount of cash taken in, credit cards and checks and the amount deposited into the

bank.

Individual member records can be called up at the touch of a few keys. Each file lists how many times a customer has rented a film for the current month, the previous month and the year to date. The software also keeps what is called "member preference," a running account of all titles rented during the previous 10 days.

"This is useful for those times when a customer comes in and doesn't know what he wants to rent," said Hernandez. "We can punch up the member preference and, if we see several dramas listed, we'll recommend a new

(Continued on page 39)



CUSTOMER PREFERENCES are easily accessed on Video Connection's computer system. The file lists such information as how many times a member has rented a film.

Most vendors are not rushing into eight mm

By Debbie Rosenblum, field editor

NEW YORK—It looks like pre-recorded software in the eight-mm format will be available sooner than expected. A few suppliers have announced plans to enter the market by the end of the year. Others, however, are still not gunning for the new format.

Sony Video Software is planning to make a major announcement concerning eight mm at this month's Video Software Dealers Association (VSDA) meeting, according to Andrew Schaffer, national marketing manager. "We are going to lay out our marketing program and reveal what titles we will release in eight mm."

Meanwhile, Embassy Home Entertainment is shooting to enter the market later this year. "It depends on how eight-mm software can be distributed," said Rand Bleimeister, vice president of sales. "We would like to manufacture the cassettes and sell the majority of our production to the various hardware suppliers. They, in turn, could sell it to their retail customers."

Paramount Home Video is also taking some steps with eight-mm software. "We are in the very early stages of talking with hardware suppliers," reported Tim Clott, senior vice president and general manager. "I feel confident that there will be programming. But how quickly the hardware vendors get behind their

systems is key."

The majority of software suppliers, however, are still leery about the viability of eight mm as a prerecorded software medium. Consequently, they're taking a wait and see attitude.

"We're not thoroughly comfortable about introducing a new format," said Gene Giaquinto, president, MCA Home Video. "It's still too early in our judgment to jump into the market."

He said MCA wants to be sure the quality is there as well as the two-hour running capability. "In our opinion, the format is not fully perfected yet. Plus I worry about an additional format at the retail level. With the current glut, putting out another format that's not fully developed is suicidal."

Continental Video also has no plans to enter the eight-mm arena this year for similar reasons. "There are so many VHS and Beta titles out there now," said president Jim Silverman. "And the market isn't demanding another format. So we believe it's going to be an uphill battle."

In addition, Continental isn't sure eight mm "is necessarily going to become a prerecorded software format," Silverman said. "We know it'll be used for home taping. Whether machine owners will be prerecorded software customers is still questionable."

In the near term, Key Video has no plans to come out with eight-mm software, according to Herb Fischer.

vice president and general manager. "Right now, you're talking about a very high-end product that has an uncertain future. When the hardware dictates this is where consumers want to go, we'll be there."

Suppliers see slow growth

Other suppliers interviewed by *Merchandising* voiced the same outlook.

"Until there is a reasonable movement in hardware, we won't enter eight mm," declared Barry Collier, president of Prism Entertainment. "But if there were a million machines out there, we might test eight mm under special arrangements."

"We don't feel the time is right," said Janice Whiffen, national sales director, Vestron Video. "If someday eight mm becomes a format which demands prerecorded software, then we will make it."

Walt Disney Home Video's position is no different. According to Richard Fried, director of marketing, the studio has nothing slated for eight mm this year. "However, if and when it becomes a viable format, we'll certainly be there."

"Once people start buying the hardware in significant numbers, I suspect they will want prerecorded video," said Paul Wagner, director of public relations, CBS/Fox Video. "Then we will provide the software. We'll be happy to fill demand."

Personal Electronics

Typewriter shipments will hit 2.8 million in '85

By Nancy Markov, field editor

CHICAGO—Strong portable typewriter sales this year will boost shipments to around the 2.5 to 2.8 million unit mark with electronic models capturing as much as 90 percent of the market.

The lion's share of that business (around 70 percent) will be commanded by the workhorse daisy wheel models, with thermal units becoming a more specialized category as product evolution runs at an increasingly rapid clip.

"The typewriter market is volatile," said Dennis McLaughlin, national sales manager, personal electronics division, Sharp. "Products are changing fast today. When electro-mechanical units were key, there was a new feature maybe every 1½ years."

"More manufacturers are getting into typewriters; the market is much stronger this year," said Marion Baker, vice president, special markets, Silver-Reed America, Inc. "As the emphasis from computers shifts, consumers are finding typewriters attractive."

As this happens, more retailers are entering the business, too. Pointed out McLaughlin, "The chains like Venture, Bradlees, etc., are getting involved in a big way. They don't make a commitment unless it's a strong growth category."

Competition has been heating up—

both among suppliers jockeying for share of market and among dealers. As a result, prices have dropped fairly dramatically in the past year as more features have been added to the units. Said Baker, "This year prices are pretty well set. Everyone has introduced a new line, so there is more stability. But it's hard to tell what 1986 will be like."

Daisy wheel carries category

Certainly, the bulk of the business in the foreseeable future will remain in the daisy wheel electronic units—the workhorse of the industry, which suppliers say will account for up to 70 percent of shipments this year. Letter-quality print, a full-size keyboard, multiple pitch, correction capability, auto centering, paper handling, etc., are some of the features that consumers are demanding.

"We're also starting to see the real development of text memory—the ability to store information in the typewriter and manipulate text," noted Robert Zangrillo, national sales manager, electronic typewriter department, home information systems division, Panasonic.

Silver-Reed, too, is emphasizing this feature and will make available 4K memory cards for storing text for up to five years. (The price of each memory card will be around \$50.)

Computer compatibility is helping



SPELLING DICTIONARIES on electronic typewriters, which produce an audible beep when an error is made, have been introduced by a number of vendors. Shown here is Smith Corona's Spell-Right II, which checks the spelling of 50,000 words.

to drive sales of more expensive units, as the feature appeals to a greater number of consumers. Manufacturers are taking this cue by offering several computer-compatible models, some with built-in interface.

Said Zangrillo, "Compatibility is

important. It's a rationale to buy a typewriter. A lot of people own or plan to buy a computer."

"Computer compatibility is very important," agreed Charles Ascher, director of OEM sales, Olympia. "A lot of people buying typewriters may not have a computer today, but they are looking to the future."

While computer-compatible units are in virtually every supplier's line, not all are convinced of the viability of this feature.

"At point-of-sale, it's a good buzzword that helps sell electronic typewriters," said Paul Shia, western sales manager, Royal. "But only five percent of those bought are ever used as

(Continued on page 39)

There's no easy answer:

What's needed to sell computers to masses?

By Catherine Stevens, assistant editor

NEW YORK—What's it going to take to sell a computer into every home?

There's no easy answer, according to participants at Future Computing's recent Home Information Systems Services forum. In the end, it's going to take a combination of ideas and strategies before the home computer can reach the saturation level of the VCR, the microwave oven or perhaps even the toaster.

Voted most likely to succeed are: the home control system; new software stressing "life enhancement" and creativity, and information and transaction services, such as home banking. But while each holds potential, each is also only in its infancy.

Pushing for control

While computers can be used for home control, they have a long way to go before they reach the stage the industry is shooting for.

"Ideally," said Charles Levine, marketing manager for General Electric. "You could wake up in the morning to a Bach sonata and see the major headlines and your daily schedule appear on a screen. The shower would come on at the right time and

temperature and breakfast would be ready when you want it. When you leave the house, the security system would be automatically activated."

But that is the ideal. And the reality is that today's products can do little more than turn lights and small appliances on and off by using either a timer or a remote control.

"They don't do enough to control large appliances" said Levine. "They can't control, say, the volume on a stereo; they can just turn it on and off. And, when using the remote, there is no way to be sure that the message has been received and acted upon. Also, there's no voice recognition; control should be made as natural as talking."

Another problem is that there is no industrywide standardization among systems, something that Levine thinks consumers will wait for.

There's also the threat that home control devices might bypass the home computer industry altogether. General Electric's product, the Homeminder, for example, is a dedicated device that's either attached to a TV set, or can even be bought built into a TV.

Other companies, however, do tie in the computer. Cyberlynx claims its control device, Smarthome, "makes the Apple computer a home appli-

ance."

"This product provides entertainment, convenience, safety, security and energy savings," said Tim Schoeckle, president. And he thinks the market is ready today.

Smarthome is currently being sold through homebuilders. And one, Lancashire Homes, is installing 200 units in a Southern California development. Security alarm installers have also jumped on the bandwagon.

It's the retailers who have been slow to do so. "They've been sitting back and waiting for the manufacturers to sell the product," Schoeckle complained.

Another program now on the market is Robutel, by Holder & Associates. While it is a more sophisticated system than the others, it also requires more complicated installation.

Robutel can "intelligently react to events," according to John Holder, president of Holder & Associates. It can be instructed to check any number of factors, such as the time of day, the date or the state of some device, and then decide whether a programmed action is appropriate. For instance, if the door is opened between the hours of eight p.m. and five a.m., it will turn

(Continued on page 42)

Answerer vendors say that beepers are passé today

By Regina Eisman, assistant editor

CHICAGO—Suppliers of telephone answering machines are betting that customers will soon regard the once-popular beeper as a burden. The majority of recent introductions are beeperless remote models—a change from last year, when many suppliers believed that consumers were not that interested in the feature. Now, they say, it's one of the most sought-after features on an answering unit.

Other convenience-oriented features on many units include toll saver, which saves the consumer the cost of a call if there are no messages to be accessed; message memo, which al-

(Continued on page 40)

NEW RELEASES IN COMPUTER SOFTWARE

EDUCATION

BODYSHOP. Hayden. Available for Macintosh computers at a suggested retail of \$49.95.
CHEMLAB. Simon & Schuster. IBM PC-, PCjr- and Apple II-compatible. Suggested retail \$39.95.
EDUCALC. Grolier. Available now for Apple II series and in September for Commodore 64 and IBM family. Suggested retail \$49.95.
FIT IT: A CONSTRUCTION SET FOR THE MIND. Random House. Available now for Apple II series at suggested retail of \$39.95. Available in September for Commodore 64 at suggested retail of \$29.95.

GARFIELD DOUBLE DARES. Random House. Apple-compatible at suggested retail of \$39.95; Commodore 64 compatible at suggested retail of \$29.95.
GARFIELD EAT YOUR WORDS. Random House. Available in August for Apple II series at suggested retail of \$39.95.
GETTING READY TO READ AND ADD. Sunburst. Available for Apple II series at suggested retail price of \$55.
HOMEWORK HELPER MATH WORD PROBLEMS. Spinnaker. Available in September. Suggested retail for Commodore computers is \$32.95, for IBM PC and Apple II series, \$39.95.
LIGHT LAB. Hayden. Apple II- and Commodore 64-compatible. Suggest-

ed retail \$49.94.
LOVEJOY'S PREPARATION FOR THE GMAT. Simon & Schuster. Available this fall for IBM PC series and Apple II family. Suggested retail \$79.95.
MR. PIXEL'S GAMEMAKER. Mindscape. Available now for Commodore, available in November for Apple and IBM. Suggested retail \$29.95.
MR. AND MRS. POTATO HEAD. Random House. Compatible with Apple II series (64K required), suggested retail \$39.95. Commodore 64-compatible at suggested retail of \$29.95.
SCORE IMPROVEMENT SYSTEM. Hayden. Available now for Macintosh, late summer for IBM/PC and PCjr. Suggested retail \$99.95.

TEDDY'S PLAYGROUND. Sunburst. Apple II-compatible. Suggested retail \$55.

GAMES

ADVENTURE CONSTRUCTION SET. Electronic Arts. Apple II-compatible. Suggested retail \$49.95.

ALPINE ENCOUNTER. Random House. Available for Commodore 64 at suggested retail of \$29.95, for Apple II series and IBM/PCjr at \$39.95.

ALTERNATE REALITY. Datassoft. Will be available in late summer for Atari, Apple II series and Commodore 64. Suggested retail \$49.95 for Apple, \$39.95 for others.

ALTER EGO. Activision. Initially available for Commodore 64.

COUNTDOWN TO SHUTDOWN. Activision. Commodore 64-compatible
COLOR ME: THE COMPUTER COLORING KIT. Mindscape. Available for Commodore and Apple computers. Suggested retail price \$29.95.

COMPUTER NOVEL CONSTRUCTION SET. Hayden. Available for IBM PC/PCjr and Macintosh. Suggested retail \$49.95.

DEJA VU. Mindscape. Available in August, Macintosh-compatible. Suggested retail \$49.95.

THE DOLPHIN'S RUNE: A POETIC ODYSSEY. Mindscape. Commodore 64-compatible. Retail \$29.95.

EIDOLON. Epyx. Compatible with Apple, Commodore, IBM and Atari computers. Available soon. Suggested price range \$29 to \$35.

ESSEX. Synapse Software. Available now. Suggested retail price for Apple or IBM computers, \$44.95; for Commodore and Atari, \$39.95.

PRODUCTIVITY

**Webster's
Spelling Checker**

Simon & Schuster

FILEMAKER. Forethought. Macintosh-compatible. Suggested retail \$195.

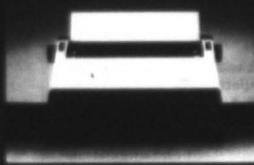
PAPERBACK SPELLER. Paperback Software International. Available for IBM PC and compatibles. Suggested retail \$39.95.

WEBSTER'S NEW WORLD SPELLING CHECKER. Simon & Schuster. Available now for IBM PC, PC-XT, -AT and PCjr at suggested retail of \$59.95. Available for Apple II series at suggested retail of \$49.95.

WEBSTER'S NEW WORLD WORD PROCESSOR. Simon & Schuster. Available this fall for IBM PC, PC-XT, -AT and PCjr and Apple II series. Suggested retail \$124.95.

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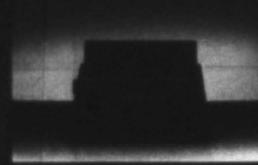
TYPEWRITERS



Model AX-10

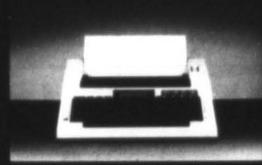
The AX-10 is a compact electronic typewriter designed to capture the huge student market. It features a 40-character lift-off correction memory, dual pitch and elite pitch, full size 12" carriage...plus much more. Built-in Self-Demo Mode.

PERSONAL ELECTRONIC PORTABLES



Model EP-43

The EP-43 is a compact electronic portable typewriter featuring a built-in calculator, super & subscript print density adjustment, built-in calculator. Types letter quality in four typefaces. Operates on AC or batteries. Built-in carrying case and AC adaptor. Built-in Self-Demo Mode.



Type-a-Graph

The Type-a-Graph is a compact electronic portable typewriter featuring a built-in calculator, super & subscript print density adjustment, built-in calculator. Operates on AC or batteries. Built-in carrying case and AC adaptor.

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PERSONAL ELECTRONICS

Calculator vendors show print/display models

The calculator business has been undergoing a number of changes. Once dominated by the basic hand-held model, the market is now shifting towards print/display units with more advanced features as consumers begin to trade up.

In response to this trend, suppliers are introducing a number of products with cosmetic and technical improvements. Some of the latest models to hit the market include such features as 12-digit display, tilt-up screen, two-color printing and solar/battery power.

As for the all-purpose pocket calculator market, the introduction of models with larger keys, added functions, new designs and dual power sources should help boost sales of these low-end models, suppliers predict.

Vendors expect strong sales activity at retail in both all-purpose models and desktop print/display units during the back-to-school and Christmas periods. Scientific units and checkbook models will also show healthy sales gains this fall, suppliers told *Merchandising*.

For more details on some of the latest calculators, read on.

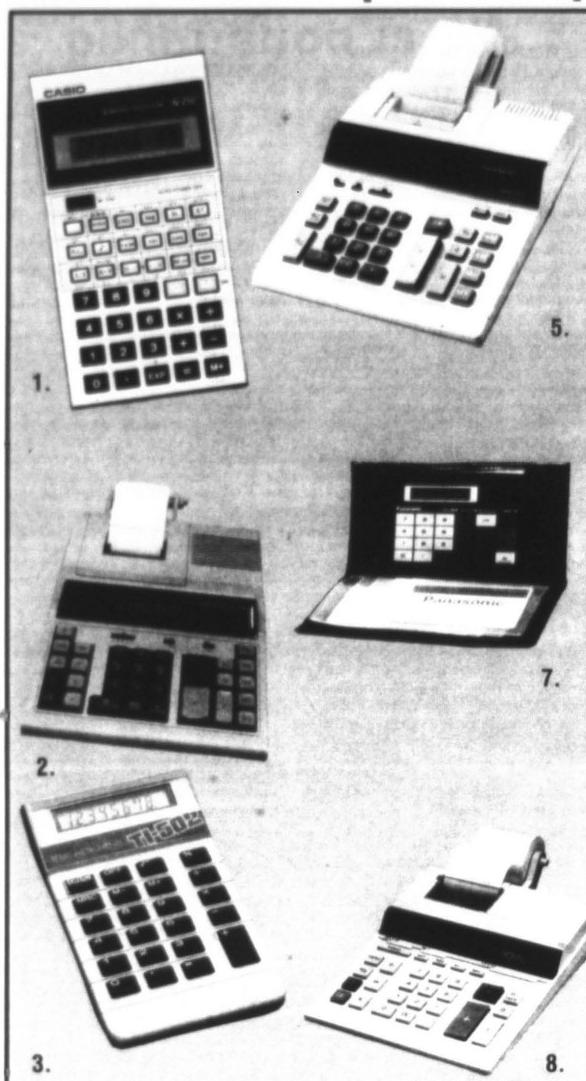
—Marilyn Sibirska

1. CASIO. This eight-digit LCD handheld scientific calculator, model FX-250, offers six-digit mantissa plus two-digit exponent up to +/-99. 38 scientific functions, standard deviation and polar to rectangular conversions. The model comes with a book entitled "Computing with the Scientific Calculator." Suggested retail price is \$14.95.

Casio, Inc., 15 Gardner Rd., M. Fairfield, NJ 07006.

2. CITIZEN. Among the many new calculator entries from this company is the CX-100, a 10-digit print/display model with four-key direct memory, large plus and minus keys, item count and date key. The product, which uses standard paper and boasts heavy-duty construction, carries a suggested list price of \$89.50.

Citizen, CBM America Corp., 2999 Overland Ave., M. Los Angeles, CA 90064.



Life enrichment software demand will jump

(Continued from page 35)

on the lights, knowing that it's dark.

But the device does require complicated installation, meaning it's not something the consumer can buy in a box, take home and use. "And ease of installation will be key to making this a popular product," said GE's Levine.

It was "life enrichment" software, a new category, that some at the forum predicted would be the next big thing.

In this vein, Dr. James Johns, president of Human Edge Software, talked about Mind Prober, a personality assessment program, and Mind Over Minors, a program that helps adults to motivate young people. "We have to give consumers something useful," he said, citing even more practical examples: "...how to build decks, plant trees, raise kids. There is a demand for such products."

Scott Cook, president of Intuit,

agreed. "We have to give the consumer real value, a reason to change, to buy," he said.

Intuit publishes Quicken, a home banking software program now being marketed by the Wells Fargo Bank and the Bank of Hawaii. "We took a widely done, routine task and automated it so that it takes less time," he said.

Simplifies home banking

"Consumers resisted home banking programs because they were so complicated. So we used familiar images, like checks on the screen, making the user feel more comfortable with the program," Cook explained. "Now we have people writing us and saying things like 'Quicken is like air conditioning; I can't live without it.'"

Consumers' habits are slow to change, but home banking will catch on, he predicted. "Look at the credit card; it took 25 years from its introduc-

tion to become a widely used item."

Ann Fillipone, vice president of sales and marketing for The Source, said that "a nationwide communication network is a prime motivation for buying a home computer." Her company claims it has added about 2,000 customers per month since 1979.

"In the future, we will see an integration of services for the personal computer: communications; information database; and transaction processes," she said. The Source now provides electronic mail, investor services like real-time stock quotes and initiation of stock trades, travel information and full-text versions of the UPI and AP newswires.

"But new behavior can't be forced on consumers," she continued. "We have to make information services easier to use so there will be an incentive for people to change old habits."

3. TEXAS INSTRUMENTS. Basic hand-held calculator model TI-502 provides angled eight-digit display, memory functions, square root and percent. The unit also has an automatic feature that turns the calculator off after 10 minutes of non-use. The unit carries a suggested retail price of \$5.95.

Texas Instruments, P.O. Box 225474, MS 3660, M. Dallas, TX 75265.

4. TECHNICO. Palm-sized printer calculator model PD-2006 comes with 10-digit display, large plus key and electronic paper advance. The unit also has a print and non-print mode, fixed and floating decimals and accumulating memory. Available for delivery in August, the unit operates on AC/DC power and lists for \$29.95.

Technico, 999 Avenue of the Americas, M. New York, NY 10018.

5. SHARP. Desktop display/print calculator, model EL-2620S, prints plus values in black and minus values in red so that the user can easily differentiate between debit and credit operations. In addition to the two-color print, the product has a 12-digit display, constant, four-key memory and fixed or floating decimal.

The model also offers markup and sign change keys. Powered by AC current, the unit is available at a suggested retail price of \$99.95.

Sharp Electronics Corp., 10 Sharp Plaza, M. Paramus, NJ 07652.

6. WEBCOR. The NS401 desktop calculator, the first product in the Novus calculator line to carry the Webcor name, features an angled, 12-digit LCD display. The model also boasts solar power, decimal select switch with add mode and summation recall.

Other features of the NS401 include square root, change sign, automatic constants, exchange percent and delta percent keys. Suggested retail price is \$29.50.

Webcor Electronics, Inc., 107 Charles Lindbergh Blvd., M. Garden City, NY 11530.

7. PANASONIC. An eight-digit checkbook calculator in folding billfold case, model JE-337U features a flat sheet keyboard and automatic shutoff when not in use for six minutes. In addition, model JE-337U provides deposit, check and balance functions as well as memory storage function for business and banking computations. Approximately 5,000 hours of continuous use are provided by the unit's lithium battery. Suggested retail price is \$29.95.

Panasonic, One Panasonic Way, M. Secaucus, NJ 07094.

8. ROYAL. This deluxe desktop 10-digit print/display calculator, part of Royal's Value line, features a low profile keyboard with color-coded main function keys. Professional capabilities on the 220PD include a fully addressable four-key memory, gross profit margin key, date/non-add/print key, and automatic constant multiplication and division keys.

The model, which lists for \$64.95, comes with an ink roll cartridge, paper tape, instruction book and AC adaptor.

Royal Consumer Business Products, 500 Day Hill Rd., M. Windsor, CT 06095.

NEWSLINES:

Personal Electronics



Korizno to oversee
Sony Micro floppy disks

DALLAS, TX—Apple is the top choice of prospective personal computer buyers in the home market, according to Future Computing, a market research firm specializing in the PC industry.

Basing its findings on 38,000 responses to a questionnaire mailed to approximately 59,000 households, Future Computing reports that Apple and IBM are rapidly becoming more popular in the home market. Findings also reveal "consumers are shifting away from the low-end game machines to higher priced, higher capability personal computers," said Future Computing senior analyst Hilda Uribe. "More and more consumers want the power and memory capabilities of Apple and IBM."

NEW YORK—Viewdata Corp. of America (VCA) and Northwestern Bell Information Technologies will bring the Viewtron Videotex service to Minneapolis and St. Paul, MN. This market introduction, scheduled for Fall 1985, will be VCA's first expansion outside of S. Florida to continue test marketing Viewtron. The market introduction will be easier than the South Florida experience because rather than selling the service with a \$600 videotex terminal, Viewtron will be available at a low cost to personal computer owners.

Viewtron is an interactive home information and transactional service that provides subscribers with electronic mail, home shopping, etc.

MANAGEMENT MOVES—Sony Tape Sales Co. has appointed Michael Korizno national sales manager for micro floppy disk products. Previously he was regional sales manager for Memorex Corp... John Heath has been named to the newly-created position of director of authorized distributors for ITT Telecom's Business & Consumer Communications division. Heath joined the company in April 1984 as Southeast regional director ... Sanyo Business Systems Corp. has announced the appointment of Robert Whitehouse as vice president of sales and marketing for its Telecommunications and Small Business Equipment divisions. Previously he was with the Consumer Electronics division of Federated Department Stores ... Ronni Barton has joined Okidata as marketing communications manager from her post as vice president, media, at Shimer von-Cantz, Inc. ... Ira Tabankin has been appointed national sales manager for Sharp Electronics Corp.'s Electronic Typewriter division. Tabankin had been with Prototype for the past year ... Marshall Electronics has named Tammy Blackman as marketing services manager ... CyberLYNX has announced the appointment of John Antonchick, a marketing executive with Apple Computer, Inc., as its new vice president of marketing.

TORRANCE, CA—Epson America, Inc. announced it will set up four regional centers—in the East, Midwest, West and South/Southwest—to unify warehousing, service and financial operations. This plan, the third phase of Epson's five-year sales and marketing program will leave the existing 12 sales and marketing branches while bringing them under national direction.

Epson has also established a new research and development group for peripherals to monitor trends in the U.S. peripherals market and develop product plans for dot-matrix, ink jet, thermal and daisy wheel printers and disk drives.

Community events push phone store's image

(Continued from page 36)
agree to replace a defective item 30 days after it is purchased. After that, we will either repair it here or send it back to the supplier and give the customer a loaner phone."

To help get its name up front, Telephone Exchange often participates in community events. For example, it provides loaner phones for a local American Cancer Society phone-a-thon. In addition, a dance school in town often borrows black rotary phones from the store for recitals for such plays as Bye Bye Birdie, David stated.

Recently, Telephone Exchange participated in a local new products expo,

which was held in a nearby mall. "We had 30 phones on display in our booth," David said. "We used \$500 worth of advertising to promote the event."

The firm also strives to attract new customers through frequent advertising. "We promote weekly with 1/8- and 1/2-page newspaper ads, and also use radio spots a lot," David noted.

This summer, Telephone Exchange will embark on a direct mail campaign, mainly because "the one-phone family is a thing of the past," according to David. "We have a lot of customers who come in to buy a phone and are back a month later to purchase one or two more. We can certainly build on

our current customer base."

Telephone Exchange has also capitalized on its location to help build business. "When Southern Bell closed its phone stores, it designated Western Auto stores as return centers," David pointed out. "And it just so happens that there is a Western Auto right next store to our store."

"People turn in their rented phones and then automatically drop by our store to buy a phone," David said.

"They may stick to the standard ITT model because they are more used to a basic phone. If they select a feature phone, it is usually because they want automatic redial, hold or speaker phone capability."

"We advise customers against a 'fancy' model as a family's only phone," David commented. "We also don't recommend a combination phone/answerer as a customer's only phone."

Thermal typewriter market is sluggish

(Continued from page 39)
ucts division, Juki, "Heavy inventories determine that the marketplace is not as big as it was expected to be."

Shia agreed. "We're not in the thermal market. The volume is not large enough to support the number of vendors. Several companies offer thermal but only about two manufacturers are doing significant business."

"The return rate is high on thermals," said Feuerhake. "And there has been a tremendous drop in price—like what occurred in CB radios. We don't see the same plunge in pricing happening in daisy wheel."

He admitted, however, that price drops are the nature of the electronic revolution. "In typewriters, we'll continue to see new features on units at price points not competed at previously."

"Electronic typewriter prices will flatten out," said Ascher. "We're getting to the point where electronic units are labor-intensive products. We can't drive the prices down much lower."

The competitive prices of electronic

units were primarily responsible for the drop of interest in electromechanical models. Even so, a few manufacturers will continue to supply this latter category as long as there is some demand. Pointed out Ascher, "The electromechanical is really a labor-intensive product. Costs are down. These units no longer make sense as they can't compete with electronic models below \$200."

Olympia still offers one electro-mechanical typewriter and will continue to provide product as long as demand exists. "This category will probably continue to sell until around 1987 when it will be totally non-cost-effective," said Ascher.

"An industry can self-prophesize itself out of a category," countered Feuerhake. "The electromechanical market is strong—but declining. Yet it fills a need for the consumer, and we will continue to support that need."

Royal has two electromechanical units in its line. Said Shia, "There are fewer players in this part of the industry. We stayed in the business so we're doing a bang-up job."



SHARED SPACE has paid off for Telephone Exchange, which has the same store entrance as PHOTOSynthesis. The photo store's customers often purchase phones from Telephone Exchange.

PERSONAL ELECTRONICS/PRODUCTS

GTE electronic telephones store numbers; two-line model has three-way conferencing

NEW YORK—GTE has unveiled its new collection of electronic telephones, including a two-line model capable of giving users access to two separate phone lines and arranging a three-way conference call.

The model 2300 allows a user to reserve one line for all business calls and leave the other as a private line for close friends and in case of emergency. To connect three parties for a conference call, the user puts one line on hold, presses the second line and then activates the "conf" button.

The GTE 2300's memory can store up to 10 phone numbers of 16 digits each, and automatically remembers the last number dialed, up to 32 digits. The phone carries a suggested retail price of \$99.95.

GTE's models 2100, 2200 and 2400 permit users to dial a number and hold a conversation without ever lifting the handset—a handy feature when preparing meals in the kitchen or holding a meeting in the office, according to the company.

In addition, models 2200 and 2400 will redial a busy number every minute for a pre-programmed length of time at the touch of a button. The Auto Repeat Dial feature will automatically cancel itself when an incoming call rings during the waiting period. Sug-

gested retail prices are: 2100, \$59.95; 2200, \$84.95; and 2400, \$124.95.

GTE's Ultralines 200 and 300 allow users to place a call on hold, store up to nine telephone numbers and automatically redial a busy number. The desk telephones offer many of the same features, such as switchable touch calling or Universal Dialing Keypad operation by moving the selector. The Ultraline 300 carries a suggested retail price of \$59.95; the Ultraline 200's suggested retail price is \$54.95.

The Ultrastyle electronic telephone series has two new dial-in-handset models that feature nine-number memory, automatic redial and a pause



GTE 2300 telephone

key for use in accessing specialized communications services. The Ultrastyles 200 and 300 share many of the same features, but the 300 also offers a line-in-use indicator and lighted keypad.

Available in almond, the Ultrastyle 300 lists for \$59.95 and the Ultrastyle 200 is \$39.95.

GTE has also expanded its Sigma series of dial-in-handset telephones. The Sigma 300 offers a lighted keypad, and a line-in-use indicator that signals the user when another extension is being used, or the handset is off the hookswitch. The phone can be set to dial calls either by the tone calling or the dialpulse method, a flexibility that allows users with a dialpulse line to access specialized communications services, like GTE Sprint, which require tone dialing.

The Sigma 200 offers many of the features of the model 300. Two Sigma 100 models are available, offering either dialpulse or tone calling operation. The tone calling model permits access to various specialized communications services. The Sigma 300 retails for \$34.95, the Sigma 200 for \$29.95 and the Sigma 100 for \$27.95.

GTE, Corporate Communications dept., One Stamford Forum, M, Stamford, CT 06904.



Olympia USA Carrera

Olympia launches typewriter/printer

SOMERVILLE, NJ—Olympia USA has debuted a new daisywheel electronic typewriter, the Carrera. The machine features a built-in port which can connect to an optional interface box, enabling the typewriter to function as a letter-quality printer with most personal computers.

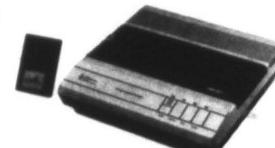
The fully-electronic, portable typewriter's quality engineering permits outstanding performance, according to Olympia USA, Inc. The keyboard and key touch are designed for optimal typing comfort for both experienced and novice typists.

Typing and function keys are electronically controlled for quick, precise keystrokes, and an eight-character keyboard buffer guarantees perfect typing flow even for typists with extremely uneven typing rhythm.

Other features include: a 24-character automatic correction memory; a relocate key that returns the typewriter print head to the last typing position after a correction has been made; automatic margin settings, paper insertion and paragraph indentation; vertical line tabulation; and an adjustable electronic impact control that provides clean typescript, even for multicopies.

Special print enhancements, such as bold face and expand print, lend a professional touch to correspondence, while a wide variety of interchangeable typewheels provides greater flexibility when personalizing documents.

Olympia USA, Box 22, M, Somerville, NJ 08876.



Olympia Answerback model AN-8400

Cobra line features answerers, phones

CHICAGO, IL—The Cobra Consumer Products Group of Dynascan Corp. has featured the 8000 series of Answerback telephone answering system, as well as several telephones in its new line.

The AN-8400 has dual cassettes, vox, Memo Record, selectable Toll Saver and beeper-type remote. List price is \$129.95.

The AN-8408 packages the AN-8400 answering machine plus the ST-408 corded phone for a list price of \$149.95.

Other featured products include the ST-662 feature phone with two lines and 58-number electronic memory. This unit has a suggested list of \$129.95.

Cobra has introduced the ST-500 telephone, boasting full-range sound and switchable pulse tone dialing. It is registered with the FCC as hearing-aid compatible and has a suggested list of \$49.95.

The model CP-447S is a cordless telephone with 46/49 frequencies and 32 digital codes. The digital coding is a security feature that protects the phone line from outside access and helps eliminate interference from other cordless telephones in the immediate area. Suggested retail price: \$169.95.

Cobra Consumer Products Group of Dynascan Corp., 6460 W. Cortland St., M, Chicago, IL 60635.

Owi robot is compatible with several computers

COMPTON, CA—The Movit Memocon Crawler, a computer-programmable robot, has been introduced by Owi, Inc. The 4K RAM robot is controlled through a seven-function teach pendant or the Commodore 64, IBM PC jr. or Apple II series personal computer.

The teach pendant (included), is used to program the robot to go forward, right, left, pause, sound a buzzer, light an LED lamp or repeat a program continuously. Memocon is available now for the suggested retail price of \$74.95.

Owi, Inc., 1160 Mahalo Place, M, Compton, CA 90220.



Owi Movit Memocon Crawler

Phone calls can be forwarded with remote Call Dispatcher

NEWINGTON, CT—TeleConcepts, Inc., has announced the introduction of its Call Dispatcher, a consumer-priced, remotely programmable call forwarding unit.

The ivory-colored unit has remote programmability from any tone telephone without the need for an access device. It offers tone/pulse switchability with mixing of diverter number, up to 48 digits.*

The manufacturer claims Call Dispatcher is virtually tamper-proof. It incorporates the latest in microprocessor-controlled sensing circuits that constantly monitor line status. The owner, who chooses his own four-digit security code, can program the unit to disconnect in selectable 10-minute

increments in order to prevent the line from being tied up indefinitely.

Call Dispatcher also samples the call for voice. If there is no talking within a 30-, 60- or 90-second period (a time span which the owner decides), then the Call Dispatcher will initiate a disconnect. Circuitry also monitors for return to dialtone or busytone for a short fixed period. Appearance of such signals will automatically trigger a return to dormant mode. Suggested retail price is \$279.95.

TeleConcepts, Inc., 36 Holly Dr., M, Newington, Conn 06111-2243.

Computer talks to user through voice synthesis

FREEMONT, CA—Spectravideo, Inc. has introduced the Bondwell 14, a 28-lb. portable computer with 128K RAM and bundled software. The unit features two 5 1/4-in disk drives for double-sided, double density floppy disks and MicroPro software titles, including Wordstar, Mailmerge, CalcStar, DataStar and ReportStar.

A voice synthesizer program enables the computer to speak to the user either by direct translation from English text, or through a system of phonetics. A separate orientation program called "Setup" allows the user to customize function by definitions, configure serial ports and reformat disk drives.

The package offers a non-glare, amber monitor, angled computer and keyboard, character resolution of 80 x 25, a 91-key, full stroke keyboard with separate numeric keypad and 16 user programmable function keys. Suggested retail price is \$995.00.

Spectravideo, Inc., 3300 Seldon Ct. #10, M, Freemont, CA 94539.



TeleConcepts Call Dispatcher

PERSONAL ELECTRONICS/PRODUCTS

Mura shows 200-number memory telephone with two lines; large-button unit for elderly

CHICAGO, IL—The Mura Corp. has announced the debut of a host of new telephones, including the AP 2002, a speaker phone that all but eliminates the need for a phone book. Mura claims.

The alphanumeric AP2002 can store up to 200 numbers in its memory. A user can access these numbers by punching a name into the keyboard.

Other features include three direct access keys for emergency numbers, two lines and conferencing capability. Suggested retail price is \$139.95.

Mura's large button phone, the LP-40, features a lighted keypad to aid the elderly who may have trouble

hearing a typical ring or seeing the small standard buttons on average telephones. Suggested retail price is \$54.95.

The CPL500 constitutes the third model in this line. This cordless phone contains tone/rotary switchable dialing for access to long distance and independent computer services. It also boasts a full duplex intercom for two way conversations as well as an auto redial button. This model retails for \$199.95.

Mura's FP-2 is a two-line phone offering conferencing and hold cap-

ability, along with a speaker phone and one-button speed dialing of 10



Mura's alphanumeric speaker phone

numbers for easy accessibility. Mura also offers a trimstyle model CV2L and standard desk model DP2L in its line of two-line phones. Both feature conferencing, tone/rotary switchable dialing and last number redial. Suggested retail prices: FP-2, \$99.95; CF2L, \$49.95; and DP2L, \$69.95.

The FP-60 speaker phone offers 10-number memory to facilitate one-touch dialing, last number redial and pulse/tone switchability. The FP-100 provides automatic, one-button memory dialing and speaker phone conversation in a wall-mount or desktop design. The FP-60's suggested price is \$59.95, and the FP-100 retails for \$79.95.

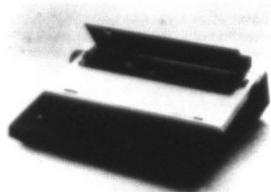
Mura Corp., 385 West John St., M, Hicksville, NY 11801.

Brother introduces Correctronic 35

PISCATAWAY, NJ—This new Brother electronic typewriter offers a convenient one-step built-in 50 character lift-off memory correction that eliminates the backspace and correct motion for each character that has to be removed. The Correctronic 35 removes it with the press of a single key.

Other electronic features include variable 10, 12 and 16 pitch typing, automatic underlining, automatic centering, right margin flush, decimal tabulation, express back space, full size 12-in carriage, and a repeat key for all characters and functions. Suggested retail price of the Correctronic 35 is \$429.95.

Brother International Corp., 8 Corporate Place, M, Piscataway, NJ 08854



Brother Correctronic 35

Apple Unidisk replaces Disk II drive, has 143K

CUPERTINO, CA—Apple Computer has introduced Unidisk, a single half-high floppy disk drive functionally identical to Apple's Disk II drive, which it replaces.

Designed for the Apple II family, the Unidisk contains a 5.25-in. drive mechanism that provides 143 kilobytes of storage capacity. Technical improvements include a disk eject mechanism and an advanced head positioning mechanism which gives a more precise reading of half-tracks.

A controller card is necessary to connect Unidisk with the computer, and each card can support up to two Unidisk drives. The Apple II will support up to a recommended maximum of six Unidisk drives and three controller cards.

Suggested retail price for the Unidisk purchased with a controller card is \$429.

Apple Computer, Inc., 20525 Mariani Ave., M, Cupertino, CA 95014.

"Why doesn't somebody make a computer system that updates inventory the instant we ring up a sale?"

Webcor Float Fone has waterproof parts; can be used while showering or swimming

GARDEN CITY, NY—Webcor Electronics, Inc. has announced the introduction of the Float Fone, a cordless telephone that floats and is completely waterproof.

The manufacturer claims that Float Fone will prove handy in the shower and around the pool area; a shower mount clip is also included with the unit. In addition, the Float Fone eliminates the safety hazard of having a phone near the poolside since it is completely waterproof, with a mylar keypad, rubber function button and rubber safety antenna to ensure absolute

waterproof safety. A yellow rubber boot fits over the handset to give it a scuba look. Suggested retail price is \$179.95.

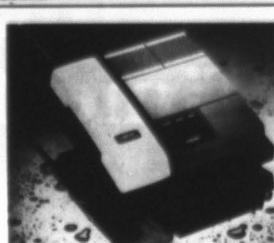
Webcor has added a speaker phone and a two-line telephone to its 790 multi-function telephone series. The 790 series features a family look with a thin, wall mountable base and a unique handset design.

The three models in this series share: direct access dialing with access buttons located directly beside the directory log for ease of dialing; nine number programmable memories

plus last number recall; and a hook flash button to enhance call waiting and the office application of transferring calls.

Other features include a three position ringer switch for privacy, hold button with LED status indicator, hook flash, wall mount option and full modularity for ease of installation and maintenance.

The model 799, a two-way hands free speaker phone, adds two-line convenience and conferencing capability to the model 797 and includes LED indicators for line/hold status.



Webcor Float Fone

Suggested retail of model 790 is \$59.95; model 797—\$74.95, and model 799—\$99.95.

Webcor's model 790SW is a nine-memory telephone that features direct buttons located directly beside the directory log for ease of dialing. Available in black with champagne accents or in solid beige, model 790SW has a suggested retail price of \$59.95.

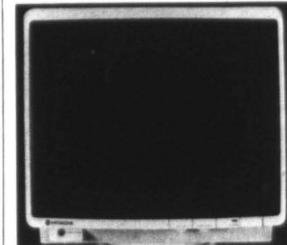
Webcor Electronics, Inc., 107 Charles Lindbergh Blvd., M, Garden City, NY 11530.

Hitachi introduces computer monitors

COMPTON, CA—Eight new monitors have been introduced by the newly formed industrial/commercial division of Hitachi Sales Corp. of America. The units offer a variety of features and are compatible with a number of computers, including the IBM PCjr, IBM PC, IBM AT and XT, the Atari 800XL, the Commodore 64 and the Apple II series.

Many of the color monitors feature a headphone jack, built-in speaker, 13-in. CRT with composite video and audio inputs and controls such as contrast, brightness, volume, tint, color, H-phase, V-size, and V-hold. Suggested retail prices for the color monitors range from \$319.95 to \$579.95.

Hitachi Sales Corp. of America, 401 West Artesia Blvd., M, Compton, CA 90220.



Hitachi color monitor

Printer can be used with Commodore computers

NEW YORK—Star Micronics has introduced a high-speed dot matrix printer designed specifically for Commodore computers. The Star SL-10C features near letter quality (30 cps) and draft (120 cps) print modes.

It includes a Commodore cable and interface, making it operational with the C128 and C64 computers. The printer offers tractor and friction paper feed.

The suggested retail price for the SL-10C, available only to mass merchandisers, is \$299.

Star Micronics, 200 Park Ave., M, New York, NY 10166.

"Somebody does."

Hewlett-Packard

Hewlett-Packard's business computer uses special retail management software to keep you right up-to-the-minute. It integrates POS with the rest of the system. So you always have the latest information on inventory. You even get gross margins on a daily basis. And all this comes the way you want it. By product, category, salesperson, store or type of transaction, retail or commercial.

This system is specially designed for hard goods retailers like you. So you always know exactly what's going on.

To request information, call 800-367-4772 Dept. 3018.

Or send the coupon.

Please tell me more. Especially what your customers in the hard goods retail business have to say.

Have a Sales Representative call me right away.

Name _____

Title _____

Company _____

Address _____

City/State/Zip _____

Phone _____

Mail to: Hewlett-Packard Dept. 3018
10520 Ridgeview Court Cupertino CA 95014

FRONTLINES: Electronics

Two Japanese vendors will make VCR's here

NEW YORK — Why have two Japanese VCR giants—Matsushita and Sanyo—decided to start making VCR's in the U.S. next year? Simple, they say: they want to help reduce the trade imbalance with Japan that's creating a furor in the U.S.

Said Toshihiko Yamashita, president of Matsushita, "When one of our customers in Japan is in trouble, we try to help them. The U.S., one of our big customers, has problem. So it is a matter of course to want to do our best to be of some assistance to this country."

Matsushita is taking this stance despite the fact that VCR's are not on the list of products significantly affecting the trade imbalance because there are no VCR's currently made in the U.S. But Yamashita contends that this doesn't lessen his company's responsibility to help out.

Speaking for Sanyo, Mike Ollins, manager of public relations, concurred that the decision to move production to the U.S. was made in the interests of balancing the trade deficit. "It's strictly voluntary," he said. "We want to help correct the situation." He denied there was any pressure on Sanyo to make VCR's in the U.S.

Neither firm could say at press time where or exactly when the U.S. manufacturing will begin. Ken Shimba, public relations manager for Matsushita, said it should happen "by the end of '86."

Shimba pointed out that when Matsushita began making color TV's in 1974 in the U.S. through its purchase of Motorola, one of the reasons for the move was a need to respond more quickly to the burgeoning color TV market. But the VCR decision, in contrast, "is simply a trade matter. It should help reduce the deficit." He also pointed out that Matsushita was not asked to do this, nor was any pressure applied.

Matsushita plans to make the U.S. VCR's initially with components made in Japan, Shimba said. But that could change, he added, once VCR components begin to be made in the U.S. by companies here.

Tandy could become top discount goods dealer

FT. WORTH, TX—Now that Tandy Corp. has finalized its latest acquisition—the 207-store American Home Video chain—industry analysts interviewed by *Merchandising* believe it's possible that the firm will become the largest U.S. retailer of discount-priced electronics within the next several years. Some critics have said that the move into branded merchandise will detract from Tandy's Radio Shack outlets, but analysts disagree.

"Radio Shack has its own line of product, but it appeals to a very different customer base," said Eugene Glazer, first vice president at Dean Witter Reynolds.

Even if the purchases—Scott Appliance last spring, and now American Home Video (which will operate under the Video Concepts name)—do take something away from the Radio Shack sales, Glazer reasoned, "It's better that Tandy takes from its own stores than have another store take it away from them."

Terry McEvoy, vice president,

research, at Smith Barney Harris Upham, said that existing Radio Shack stores are designed for "the electronics buff, not the general consumer. This puts them in a whole new area, and given the company's expertise in retailing, there's every reason to expect they'll succeed."

The current activity leads Dean Witter's Glazer to believe that Tandy will continue to expand. "They're not finished by any means," he said. "I think Tandy could become the biggest retailer of discount name-brand electronics in the country." And McEvoy at Smith Barney said they could be the largest "within three years."

As for Tandy chairman and chief executive officer John Roach, when asked about future expansion, he said only, "Right now, we're going to try to digest what we have."



Roach: expanding empire



ZENITH ACCESSORIES

Now's the time for you to stock-up and cash-in
on the sales that boom in the Fall!

the Smart Choice
ZENITH
 Electronic Accessories

It's television turn-on, tune-in time again! Time for the new NFL and college football seasons to open...the networks' new shows to appear...and last season's more popular series to return for another prime time fling.

And following right behind are baseball's divisional playoffs and, in early October, the World Series!

What a time to stock-up and cash-in with Zenith television sets, VCRs and Zenith accessories...the accessories backed by a name renowned for product performance and reliability.

Consider the Zenith line of indoor and outdoor antennas, for example. Or Zenith lightweight stereophones. And Zenith VCR tapes in both the Beta and VHS formats.

And don't you overlook Zenith's Spike Suppressors for protecting your customers' electronics from high voltage surges.

Check, too, on all the other video, audio, and telephone connectors and convenience devices your Zenith distributor now has on hand...including Zenith's new Stat-Attack™ Cleaning System for hi-tech electronic products.

Actually, there's more in store than ever before in this great Zenith line of accessories. Healthy margins, too. The kind that can turn 6, 7 or 8 feet of your floor space into a mouth-watering profit center!

Stock up and cash in now while television turn-on/tune-in time '85 is just heating up.

Go ahead, reach for that phone and call your Zenith distributor's Parts & Accessories Sales Manager now.

You can't afford to miss out on the Zenith accessory sales that are bound to boom in the Fall!

MERCHANDISING

13TH ANNUAL

CONSUMER SURVEY



Design: BRALOW Ink

Consumers point out the products that they plan to purchase this year

What does America want? What kind of purchasing power are people exercising in 1985, particularly as we prepare to enter the all-important fourth quarter? How can different stores expect to benefit? And how will the various regions of the country do?

These were just some of the questions that we at *Merchandising* were asking as we began to work on our 13th Annual Consumer Survey many months ago.

Now, more than 1,200 interviews later, after poring over in excess of 600 pages of computer printouts, we have the answers. And the facts and the figures are presented on the following pages.

The survey is divided into several different sections. On pages 14 through 25, the consumers tell what products they are most interested in purchasing this year in electronics, major appliances and electric housewares. Product by product, they reveal what percent of the total sample is likely to make a purchase.

In this same section, the consumers report on what stores they would be most likely to visit to buy these products.

Then we take a look at the Prime Targets for a number of this year's most important items. What groups contain the most people who would be likely to make such a purchase? You'll find the answer broken down by head of household, size of household, household income, market and other data.

The next section, found on pages 26 through 28, shows how the various U.S. regions stack up, compared with the national average. Are they more or less likely to purchase a particular group of products? And how do their shopping habits compare with the rest of the country?

Finally, on pages 29 and 30, we chart the current penetration levels for the products included in this survey.

More than just numbers

It's important to note that this survey is intended primarily as a means to gauge planned purchases, to compare the products with each other, or one region against another.

There are, of course, any number of outside factors that will sway a customer's plans over the course of the year. A sudden turn in the economy, a week of blisteringly hot summer weather, the unexpected death of a television and even a

new low price on something the shopper has had his eye on can all cause a sudden shift.

Many forces work on consumers. Some, the retailer controls. Many, he does not. But they all add up to affect what, when and where a purchase is made.

Looking at this survey as a whole, we see information about how likely the American consumers are to purchase a VCR versus microwave oven, a blender versus an electric wok or a new refrigerator versus a dishwasher. It illustrates where their priorities, their needs and their desires lie this year, before the externals come into play.

As such, it can serve as an excellent marketing device for retailers, showing not only what people are in the market for, but also what products could be winners—if they were pushed perhaps a little harder.

It's a picture of more than just what's happening, but of what could be, as well. It's not just a report. It's a tool.

How we did it

This year's Consumer Survey was conducted exclusively for *Merchandising* by Home Testing Institute, Port Washington, NY, a market research company. Responding to the survey were households from an unpaid nationwide panel maintained by the firm.

The panel of households is demographically matched to the U.S. population, according to the past five years of data from the Current Population Survey of the U.S. Census Bureau.

Because of this, HTI has assured *Merchandising* that the results of this survey are projectable to the U.S. population overall and to the individual regions, as they are broken out. A statistical breakdown of who responded appears on page 30.

Surveys were mailed to 1,500 households. By the closing date, approximately three weeks later, 1,201 returns had been received (a return rate of 80 percent). Information from these surveys is included in the tabulations which follow.

Special thanks for help in preparing the survey and the statistics go to Robert Leibson, research director, and Selma Book, research manager, both in Gralla Publications' Market Research Department.

—Lee Rath
editor/assoc. pub.

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Telephones and Answering Machines

Likely to buy...

Corded Telephone	10.4%
Cordless Telephone	4.9%
Answering Machine	4.7%

Where they buy...

	Corded Telephone	Cordless Telephone	Answering Machine
Appliance/TV Store	—	2.2%	5.0%
Catalog Showroom	2.7%	8.1%	18.2%
Catalog Store (Sears, etc.)	3.2%	6.6%	7.4%
Department Store	4.8%	8.8%	10.7%
Discount Store	9.8%	19.1%	9.1%
Electronics Specialty Store	5.1%	14.0%	20.7%
Telephone Specialty Store	34.1%	11.8%	5.0%
Received as gift	6.1%	19.1%	9.9%
Other	34.2%	10.3%	14.0%

Prime Targets...

CORDED TELEPHONE

Head of household: under 30 years old
Size of household: three or more
Household income: under \$20,000
Best market: North Central states



Others:

Again, most families planning to buy a telephone this year, 84%, already own at least one (as opposed to leasing). In 40.5% of the cases, the new phone will replace an older model. But 59.5% of the time, it will be treated as an addition.

Computers and Games

Likely to buy...

Home Computer	6.8%
Videogame	1.7%

Where they buy...

	Home Computer	Videogame
Appliance/TV Store	2.0%	4.4%
Catalog Showroom	4.7%	10.0%
Catalog Store (Sears, etc.)	7.4%	20.0%
Computer Specialty Store	30.4%	—
Department Store	3.4%	11.7%
Discount Store	15.5%	22.2%
Electronics Specialty Store	14.9%	7.2%
Video Specialty Store (hardware)	1.4%	1.7%
Received as gift	11.5%	9.4%
Other	8.8%	13.4%

Prime Targets...

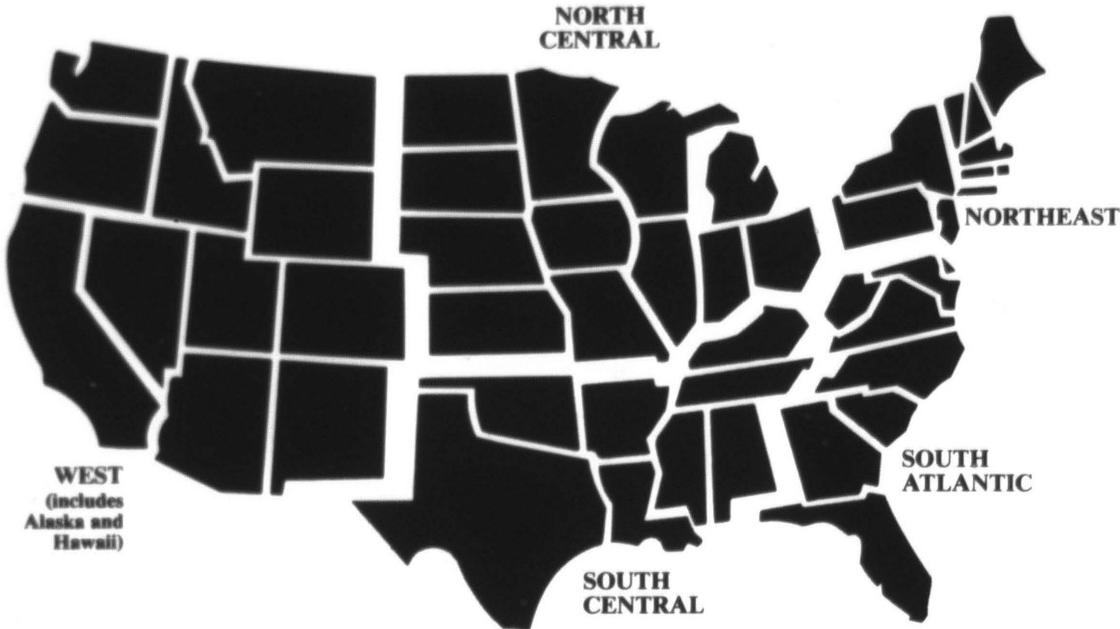
HOME COMPUTER

Head of household: under 40 years old
Size of household: three or more
Household income: \$30,000 to \$50,000
Best market: North Central states



Others:

A large 25.6% of the households planning to purchase a computer this year have children under 12. Some 14.6% of the families planning to purchase a computer will be buying their second and 70% of them will be using it as an additional rather than as a replacement purchase.



Northeast

Major appliances are the best bet

ELECTRONICS

The size of the market notwithstanding, on an individual-by-individual basis, consumers in the Northeast appear to be less interested in electronics purchases than are people in the rest of the country. But when they do buy, they tend to buy big, opting for the expensive, the innovative or the downright gaudy: High on their lists this year are projection TV's, mini TV's and cordless phones.

The northeastern consumer is also big on basics. Those polled plan to dramatically increase their purchases of color TV's this year; and portable radios continue to sell well. They tend to be a faithful lot too: The videogame should do better in the Northeast than in any other part of the country in 1985.

Convenience appears to be a key motivating factor. Racked audio systems are very popular with this group, although it is at the expense of separate component sales.

As individuals, the northerners claim that they are not as interested in compact stereos and boomboxes as are people in the other regions. They're also not as hot on electronics furniture, although they tend to own a lot of TV carts already.

Once hot products that appear to be losing out in the region include video cameras, personal portable stereos, clock radios, calculators and digital watches.

Looking at the stores where they shop, the northeastern consumers tend more heavily towards discount and department stores. As in the rest of the country, appliance/TV stores are popular. But there is less reliance on catalog stores such as Sears, electronics specialty stores and catalog showrooms.

MAJOR APPLIANCES

This year finds people in the Northeast comparatively big on major appliances. The region can expect to do well in dishwashers, ranges, room air conditioners and compact refrigerators, with the first two in particular coming on strong.

Relatively low on the list are freezers, both full size and compact.

The consumers polled reported that they rely heavily on appliance/TV stores for their major appliances, followed closely by the catalog stores. Department stores continue to play a role.

HOUSEWARES

Although individuals in the Northeast indicate that they plan to purchase fewer electrical housewares per person than people in much of the rest of the country, they do have a healthy appetite for the basics.

Heading this list are blenders, portable hand mixers, toasters, fans, decorative kitchen and wall clocks and ceramic cookware. Also expected to do relatively well are irons, toaster-oven/broilers, canister vacuums and gas grills. And consumers are showing an increased interest in stand mixers, electric woks, hair dryers, glass cookware and charcoal grills.

Relatively low on the priority list are oil popcorn makers, floor polishers, air treatment devices (including portable electric heaters), home healthcare products, upright vacuums, curling brush/irons, electric grills and alarm clocks.

Although they once did fairly well, products such as stick vacuums, foot bath massagers, desk clocks, intrusion devices and electric bug killers are losing ground, the consumers say.

Northerners, like the rest of the country, buy most of their electric housewares in discount stores. But they tend to shop more at department stores and less in catalog stores than consumers in many other regions.

North Central

NORTHEAST

H
NTIC

Major appliances, housewares on top

ELECTRONICS

Consumers in the North Central states report that, compared with the rest of the country, they are very inclined to purchase electronics this year.

What will they be shopping for? Interest is strong in video cameras and aftermarket car audio equipment. Also relatively popular in this region are audio components sold as separates, color TV's, boomboxes, pocket calculators, tabletop VCR's, home computers, radar detectors, telephones and electronics furniture. And coming on strong are mini TV's and personal portable stereos.

Not doing as well in the North Central region, relative to the other areas, are clock radios and digital watches. Projection TV's, equalizers, CD players and blank audiotape are also expected to do better elsewhere. And large drops in sales are projected for black and white TV's and videogames.

Much like the rest of the nation, North Central consumers turn to appliance/TV stores and catalog stores such as Sears for their larger electronics purchases. The mix also includes some department stores, discounters, electronics specialty stores and catalog showrooms, particularly where lower-ticket items are involved.

MAJOR APPLIANCES

A larger percentage of consumers in the North Central states plan to buy major appliances than in any other region. While refrigerators, freezers and microwave ovens top the list, dryers and washing machines should also be riding high. Showing growing strength are compact refrigerators and freezers.

The only appliance not measuring up in the North Central region is the trash compactor.

As for where the consumers shop for these appliances, this region varies little from the rest of the country with appliance/TV, catalog and department stores dominating.

HOUSEWARES

Just like with major appliances, the North Central states rank first in potential housewares sales on a shopper-by-shopper basis. Significant gains should be realized by electric woks, electric heaters, gas and electric grills and electric bug killers. Coffee makers, air purifiers, humidifiers (both standard and ultrasonic), floor polishers, hand-held massagers and microwave cookware also are expected to do well. And food processors, ceiling fans and digital thermometers should sell better than ever.

Once again, when it comes to where they shop, denizens of the North Central region follow most of the rest of the nation, relying heavily on discounters, department stores and catalog stores when it comes to making purchases of electrical housewares.

South Atlantic

Sin the Northeast, to purchase fewer items than the rest of the country, appetite for the

shoppers, portable fans, decorative items and ceramic items to do relatively well. And increased interest in woks, hair dryers, charcoal grills, priority lists are oil burners, polishers, air conditioners, portable healthcare products, curling irons, alarm clocks, diet fairly well, jumbo foot bath intrusion devices are losing ground.

the rest of the country electric housewares. But they tend to go to stores and less consumers in many

A strong market for housewares

ELECTRONICS

Compared with people in other regions, consumers in the South Atlantic states rank near the bottom when it comes to buying electronics this year. The only items that they are truly enthusiastic about are tabletop VCR's, stereo speakers and table radios. However, projection TV's, stereo components, clock radios, TV stands and blank videotapes should do better than they have in the past.

On the downside, the consumers here indicate much less interest than the others in portable VCR's, headphones, portable radios, car stereo equipment, desktop calculators, home computers and their attendant software, answering machines, electronics furniture (especially for stereos and microwave ovens) and video-game cartridges. Compact stereos and radar detectors, once relatively hot, appear also to be in a state of decline.

When they do buy electronics, residents of the South Atlantic states report that they shop more at electronics specialty stores, especially for products such as VCR's, car stereos, telephones and blank videotape. Although they also rely heavily on appliance/TV stores and catalog stores such as Sears, they also mix in a few more product specialists (in car stereo, video hardware and video software) than do the others. Much of this comes at the expense of department stores.

MAJOR APPLIANCES

Also a relatively weak market for major appliances, the South Atlantic states can be considered the prime area for only the trash compactor.

Compact appliances, apparently once fairly strong, appear to be losing ground.

When shopping for major appliances, residents of the South Atlantic states turn to TV/appliance stores and catalog stores, much like consumers in the other regions. But they tend to mix in a few more discounters and rely on builder/remodelers for products such as room air conditioners. They also shop more at microwave specialty stores when in the market for a microwave oven.

HOUSEWARES

If the South Atlantic states shine anywhere, it's in housewares. Comparatively speaking, it should be the top market for a number of products, especially coffee grinders, curling iron/brushes, hair dryers, shavers, oil popcorn makers and stand mixers. Also predicted to do well this year are kerosene heaters, blood pressure monitors, portable hand mixers, alarm and desk clocks and stone cookware.

Up-and-coming products include upright vacuums and hand-held massagers.

Not performing as well are electric can openers, air purifiers, digital thermometers, decorative wall clocks and electric bug killers. South Atlantic consumers also appear to be losing some interest in ultrasonic humidifiers, foot massagers and glass cookware.

Housewares shoppers in the South Atlantic states find themselves at catalog showrooms more often than other consumers, especially for products such as food processors, blood pressure monitors and wall clocks. At the same time, there is less reliance on discounters for a number of products.

*South Central***Outlook is comparatively sluggish****ELECTRONICS**

Residents of the South Central states hit right in the middle of the lot in their plants to purchase electronics products this year. On a per capita basis, this should be the hottest market for black and white TV's, portable VCR's, some stereo components (including receivers and equalizers), clock radios, digital watches and cordless phones.

Expected to do better than in the past are video cameras, stereo amplifiers and speakers, telephones and answering machines.

This should, however, be a relatively weak market for a number of key products. These include color TV's, tabletop VCR's, racked systems, personal portable stereos and prerecorded videocassettes. Stereo tuners, analog watches and TV carts are also not expected to fare as well in this market as in others. And desktop calculators, stereo carts, audio/video furniture, microwave oven furniture, computer furniture and videogame cartridges will probably see sales softening.

In shopping for electronics, residents of the South Central states rely more heavily on catalog stores such as Sears for their more expensive products, followed by department stores. There is less reliance on appliance/TV stores. For smaller electronics, they turn more often to discount stores.

MAJOR APPLIANCES

Relatively speaking, the South Central states should be the weakest market for major appliances this year. Saturation is very high, and the consumers polled just don't expect to be making replacement purchases.

Dryers, washers, dishwashers, refrigerators, ranges, microwave ovens, room air conditioners and compact refrigerators and freezers will all be at their weakest in this region.

If any type of store is affected by this, it should be the catalog store, which the consumers report dominates where they buy major appliances, followed by appliance/TV and department stores.

HOUSEWARES

This is another category that can expect to do relatively poorly in the South Central states. Of all the regions, it has the smallest portion of its population planning to make purchases.

Nevertheless, ceiling fans, hair setters, foot bath massagers, hand-held massagers, charcoal grills and especially stick vacuums and self-installed intrusion devices are expected to do well. Shavers and desk clocks may exhibit more strength than in the past.

On the downside, however, are a wide variety of products, especially can openers, food processors, irons, portable hand mixers, microwave cookware, stone cookware and gas and electric grills. Also low on the list are blenders, air purifiers, hand-held vacuums, kitchen clocks and metal, ceramic and glass cookware. Losing ground are products such as oil popcorn makers, electric heaters, upright vacuums, hair dryers, curling iron/brushes, blood pressure monitors and digital thermometers.

People in the South Central states say they do much of their housewares shopping in catalog stores, although discount and department stores fare well too.

*West***Electronics come in number one****ELECTRONICS**

When it comes to electronics, people in the West indicated that on an individual-by-individual basis, they plan to buy more this year than do people in any other region. As a result, there are many products that should do better in the West than in any other area.

These include: compact disc players, personal portable stereos, answering machines, virtually all kinds of electronic furniture, blank video- and audiotape, prerecorded videos and computer software. Also expected to do well are cassette decks, compact stereos, headphones, desktop calculators, analog quartz watches and, comparatively speaking, videogame cartridges.

There are, however, a number of electronics products that appear to have peaked in the West. Color TV's, projection TV's, mini TV's, portable VCR's and most audio components (even racked systems) do not appear to be as popular as they once were. Clock radios, telephones and car stereos can also be included in this list.

The western consumers tend to like specialty stores, when available, for their electronics shopping. That means telephone stores, computer stores and car stereo stores all do well. Otherwise, they turn to discounters first for smaller items and appliance/TV stores first for the higher-ticket goods.

MAJOR APPLIANCES

The western states weigh in smack in the middle in this category. Residents hit just about on the average in their purchasing plans.

While no major appliances are expected to perform best here, there are some signs that refrigerator and air conditioner sales should be on the rise.

It's interesting to note that the microwave oven has very high saturation in this area and figures only moderately in the consumers' buying plans for this year.

Major appliances, the consumers say, are bought primarily in catalog stores such as Sears, followed by appliance/TV stores.

HOUSEWARES

Again, the westerners hit right on the average in purchasing plans for housewares. Products that should do comparatively well in this region include can openers, coffee makers, upright vacuums and hand-held vacs. Also high on the list are food processors, air purifiers, shavers, scales, digital thermometers and metal and glass cookware.

Up-and-coming items include bug killers, ultrasonic humidifiers, canister vacuums, kitchen and alarm clocks and gas and electric grills.

Products not expected to do as well in this region include toasters, floor polishers and charcoal grills. Ceiling fans, kerosene heaters, humidifiers, stick vacuums and smoke detectors may also be off somewhat, compared with the rest of the country.

There are signs as well that a few products have peaked. Among them are coffee grinders, air purifiers, portable hand mixers, electric woks, desk clocks, ceramic cookware and self-installed intrusion devices.

The West is the only region so far where shoppers indicate they buy a significant percentage of their housewares products in drug stores. Even so, discount, department and housewares/hardware stores still dominate the market.

HOUSEHOLD PENETRATION

Electronics

TV	
Black & White TV	50.5%
Color TV	90.2%
Mini TV	3.2%
Projection TV	1.6%
Video	
Portable VCR	4.7%
Tabletop VCR	19.0%
Video Camera	2.3%
Hifi	
Compact System	21.9%
Cassette Deck	23.2%
Compact Disc Player	3.0%
Equalizer	4.5%
Receiver	24.4%
Speakers	28.3%
Headphones	16.2%
Racked System	6.2%
Home, Portable and Car Audio	
Boombox	9.0%
Personal Portable Stereo	17.6%
Clock	68.8%
Portable	57.5%
Tabletop	33.2%
Car Stereo (aftermarket)	15.3%
Telephones and Answering Machines	
Corded Telephone	75.1%
Cordless Telephone	11.3%
Answering Machine	10.1%
Computers and Games	
Home Computer	12.3%
Videogame	15.0%
Personal Electronics	
Calculator, desktop	21.2%
Calculator, hand-held	73.0%

Quartz Watch, analog	33.3%
Quartz Watch, digital	39.6%
Radar Detector	2.5%
Electronics Furniture	
Audio (components)	16.4%
Audio/Video Centers	5.0%
Home Computer Tables	2.6%
Microwave Oven Carts	22.1%
Television Carts	15.3%
TV/VCR/Videodisc Player Carts	4.4%

Major Appliances

Cooking	
Microwave Oven	48.0%
Range	99.9%*
Cleanup	
Dishwasher	44.5%
Trash Compactor	3.5%
Disposer	26.2%
Laundry	
Washer	80.8%
Dryer	73.1%
Air Conditioning and Refrigeration	
Air Conditioner	32.1%
Refrigerator	99.9%*
Freezer	53.0%
Compact Appliances	
Refrigerator	4.8%
Freezer	1.2%
Washer	1.7%
Dryer	1.5%

*Figure estimated. 20.8% of the respondents rent or lease apartments, and some did not interpret the question correctly. The purpose of this table is to show household penetration of the various products, not necessarily whether the individual household owns that product or not.

Housewares

Kitchen Electrics

Blender	78.5%
Can Opener	70.4%
Coffee Grinder	4.8%
Coffee Maker	64.3%
Food Processor	27.3%
Iron	80.3%
Mixer (portable)	68.7%
Mixer (stand)	39.9%
Popcorn Maker (hot air)	31.1%
Popcorn Maker (oil)	21.2%
Toaster	78.3%
Toaster-Oven/Broiler	44.0%
Wok	8.7%

Personal Care

Curling Brush/Iron	56.1%
Hair Dryer	76.4%
Hair Setter	24.3%
Shaver	43.0%

Home Healthcare

Bathroom Scale	69.3%
Blood Pressure Monitor	10.2%
Digital Thermometer	4.4%
Foot Bath/Massager	9.0%
Shower Massager	19.7%
Hand-held Massager	9.7%

Air Treatment

Air Purifier	12.2%
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Fan	36.1%
Ceiling Fan	26.9%
Heater (electric)	32.8%
Heater (kerosene)	13.1%
Humidifier (standard)	21.3%
Humidifier (ultrasonic)	.9%

Floor Care

Canister Vacuum	52.0%
Upright Vacuum	50.4%
Stick Vacuum	17.4%
Hand-held Vacuum	13.8%

Clocks

Decorative Wall	49.3%
Kitchen Wall	50.9%
Alarm	72.6%
Desk/Table/Occasional	32.1%

Cookware and Bakeware

Metal	78.3%
Plastic (including microwave)	43.0%
Ceramic	36.7%
Stoneware	32.2%
Glass	68.1%

Home Security and Outdoor Products

Smoke Detector	62.9%
Intrusion Device (self-installed)	3.1%
Gas Grill	22.3%
Charcoal Grill	44.3%
Electric Bug Killer	11.3%

Characteristics of the Sample

Region

Northeast	22.0%
North Central	26.1%
South Atlantic	17.4%
South Central	16.3%
West	18.2%

Age of Household Head

Under 30	15.3%
30 to 39	20.6%
40 to 49	16.0%
50 to 64	25.6%
65 and over	22.5%

Household Income

Under \$20,000	53.2%
\$20,000 to \$29,999	22.7%
\$30,000 to \$49,999	18.7%
\$50,000 and over	5.4%

Household Size

One	23.9%
Two	34.1%
Three and more	42.0%

There were children under 12 in 19.4% of the households

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Personal Electronics

Low prices help electronic typewriters take off

By Maureen Haefner, assistant editor

COLUMBUS, OH—Portable electronic typewriters are winning the race for space on retailers' shelves.

Daisy wheel units are coming on particularly strong, showing up to an 80 percent jump in sales this year, and all but eclipsing last year's more popular dot matrix units. Demand for the dot matrix has leveled off, retailers say, while demand for electromechanicals has plummeted.

"Electronic typewriters are the future of the business," said Joseph Tanenbaum, a buyer for Gold Circle, the Columbus, OH-based discount chain. "And daisy wheels will replace the dot matrix due to the letter-quality typing the daisies provide."

Along with lower prices for electronic units, features such as spelling dictionaries have also contributed to the tremendous growth of the electronic typewriter market. But computer compatibility, originally thought to be a key selling point, has not been critical to most sales.

More attention to where and how electronic typewriters are merchandised in the store has contributed to the category's momentum also. Retailers have brought the product out from behind locked glass cases and showcased models on shelves with paper in them for customers to try.

Probably the most important factor in the popularity of electronic typewriters is the drop in price, particularly in the daisy wheel models.

Prices have fallen to the point where they now are competitive with thermal dot matrix units.

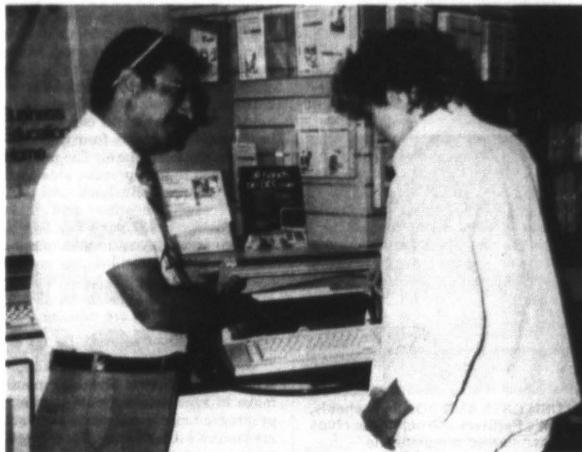
As a result, the full-featured daisy wheels now comprise 70 percent of shipments, dot matrix units 20 percent and electromechanicals trail with 10 percent of the market. Popular price points now for the daisy wheels are between \$250 to \$350; dot matrix sell best around \$170.

A multitude of features also helps attract customers to this category. According to retailers, consumers look for correction capabilities, letter-quality printing, automatic underlining and centering, interchangeable type styles, relocation key and memory.

Hottest feature: dictionaries

But the hottest feature in the near future is expected to be the spelling dictionary. Many of the dealers *Merchandising* interviewed had not yet received these models, but expected them in by Sept. 1. One retailer who did have the spelling dictionaries in stock reported brisk sales. "The Smith-Corona 6000 is doing very, very well," said Jeanne Wolf, associate buyer for Thalhimers, a 23-unit department store chain on the East Coast.

Smith-Corona, creator of Spell Right I and II, will soon go head to head with Brother, which has just introduced Word-Spell, an electronic dictionary with a 50,000-word vocabulary, additionally expandable with up to 300 more words. It is available as a car-



HALF THE SHOPPERS for a portable electronic typewriter want computer compatibility as a feature, says Frank Lotito, general manager, Kingsway Business Machines, Brooklyn, NY.

tridge with a suggested retail price of \$129.99, and can be used with several electronic typewriters already in the field.

Another feature propelling sales of electronic typewriters is computer compatibility, said Frank Lotito, general manager, Kingsway Business Machines in Brooklyn, NY. "With the influx of the home computer, people want to use a typewriter as a printer. In 50 percent of the cases (where a customer walks into a store looking for a portable typewriter), computer compatibility is important, or at least beneficial."

"And if the customer does not have a computer now," he continued, "at least he can hook up later."

But Gold Circle's Tanenbaum foresees bleak future for computer-compatible models. "Right now we don't have any. They might be important for a very small percentage of people, and down the road there may be a need for them, but you know what's happening in the home computer market," he said.

"If the demand and the use for computers were to rise, people would want to buy computer-compatible typewriters as printers, but..."

Whereas most dealers said they had added one or two electronic sku's to their line this past year, May D & F's buyer, Jay Kerutis, reported his Denver department store had reduced computer-compatible sku's. "The \$300 and up units weren't selling—interface ability is just not desirable," he said.

Retailers now give portable typewriters more high-profile spots in their stores. Gold Circle places its models inside the camera showcase section, with one unit on top of a shelf with paper in it for customers to try.

Woodward & Lothrop, the Wash-

ington, DC-based department store with 15 units, displays its models on their own shelf in the TV department and devotes about 12 sq. ft. to the category.

And May D & F merchandises its typewriters near the front of the electronics department on a shelf. "We used to have them behind a glass case, but sales picked up 30 percent once we put them on top," Kerutis said.

Dealers still use traditional vehicles, primarily newspapers, to advertise portable electronic typewriters. Sears, Gold Circle and Lehmire in New England, all advertise in their own color circulars. Kingsway uses the Yellow Pages as well as space in The New York Times and Brooklyn Home Reporter.

The Crescent, a three-unit department store in Washington, DC, runs newspaper ads about once every two months, said Ben Ruehl, a buyer for the store. "The newspaper ads run from a quarter to a half of a full-page ad. The other part of the page could contain anything."

Although these methods seem to be satisfactory, one buyer for a catalog showroom cited the need for more national advertising. "I told one vendor it (electronic typewriters) could be a phenomenal concept, but manufacturers need to promote the typewriters in national magazines. You can't leave it up to our catalog or our promotion because it won't be as effective," he said.

Retailers report that their competition for electronic typewriter customers hasn't changed in the past year, although it has expanded. Gold Circle, for one, joined the field of department stores, discount centers and office supply stores with two sku's

(Continued on page 76)

Home software market sees a 30% sales growth in '85

By Catherine Stevens, contrib. ed.

NEW YORK—It may not be an all-out boom year for home software sales, but 1985 certainly is not going to be a bust, either.

So say most of the members of the software industry. A respectable 30 percent growth in home software sales this year was the standard prediction. "The refrigeration business, for instance, would love to have that kind of growth," said Richard Metzinger, vice president of sales and marketing for Mindscape, Inc.

Vendors say the industry is going through a natural process of maturing, and they expect a leveling off, steady but slower growth and greater consolidation. But stability in pricing does not appear to be imminent, partly because many of the software industry members disagree on that issue. Some feel that prices have to come down; others think that prices need to stay up to ensure quality development.

As far as product is concerned, the vendors' stated goal is to deliver "real value" to the consumers. They hope that the newer categories of home software such as creative and how-to programs will help turn the computer

into a standard tool for the home.

"Two years from now there will be a booming home market," said Ozzie Katz, executive vice president of Soft-Kat, Inc. "Now, it's a fragmented market, not a dead market. It's just not growing at the rate that was expected."

Enters home market

A demonstration of that certainty is that Soft-Kat, a national distributor of educational software, recently announced that it was entering the home market. "We learned that 40 to 50 percent of the educational software we distribute ends up in the home," said Katz. "We've been getting a lot of demands from retailers for software for the home market, like entertainment, productivity, etc."

Katz also thinks that, when the shakeout finally ends, consolidation of distribution channels and manufacturing will be good for the industry in general. "When a company goes down, it sells out inventories at a dramatic discount, as much as 50 or 60 percent. That hurts the margins of the retailers and the distributors, and can affect

(Continued on page 34)

PERSONAL ELECTRONICS

Cute electronic creatures emerge as promising new product category

By Stephanie Flory, managing editor

NEW YORK—Electronic plush stuffed animals—which do everything from simulate the behavior of real pets to tell stories with animated expressions—are emerging as a new toy category. These creatures, which are aimed at adults as well as children, are now being merchandised in many stores in consumer electronics and toy departments.

Interestingly enough, two former Atari executives have ventured into the plush electronic toy market. Nolan Bushnell, the founder of Atari, and Don Kingsborough, a former Atari



PLUSH CATS AND DOGS on wheels, Axlon's PetSters use computer chips and sensors to simulate the behavior of real pets. They are designed for adults and children.

president, visited Merchandising recently to discuss their new ventures.

"The consumer electronics business (videogames) presented a technical challenge," Bushnell pointed out. "But toys are not as constrained by their usefulness."

As the chairman and president of Catalyst Technologies, Bushnell's products, which are sold under the Axlon brand name, include electronic PetSters (designed for animal-loving adults), A.G. Bear (a Teddy which responds to the inflections of a child's voice) and S.O.S. Bear (which comes with a transmitter that an adult holds). When the child carrying the bear strays 50 ft. away from the adult, the bear emits an alarm. The product is designed to help prevent kids from being kidnapped, Bushnell said.

Chief executive officer and chairman of Worlds of Wonder Don Kingsborough is also trying to help missing children. His firm will donate money from sales of Worlds of Wonder's Teddy Ruxpin and his pals to help locate children who are missing.

Bear talk

Worlds of Wonder's Teddy Ruxpin is a bear whose eyes, nose and mouth move in sync with his voice through preprogrammed audiocassettes which are housed within the toy. There are 10 adventure tapes and books which enable Teddy to tell children the story about an imaginary world called Grun-

do. The bear also has 14 companions, including Grubby and Fob, who both resemble friendly insects.

"Electronic toys represent a new product category which has married a beloved part of society—the plush toy—to technology," noted Kingsborough. "By January 1986, more animation in the arms and legs of our products will be available."

Worlds of Wonder is launching a \$5 million advertising campaign this month to promote the Teddy Ruxpin line. "Two sets of TV commercials will be broadcasted," Kingsborough said. "One is directed to parents, and the other, which is aimed towards children, will be aired on Saturday mornings."

In addition, print ads, geared to parents, will be placed in such magazines as Woman's Day and Parents.

The firm is also developing a board game for adults called Wizard. The game will feature a talking head which will offer 32 animated movements. Kingsborough said. The head will house audiocassettes. The game will list for \$59.95.

Worlds of Wonder plans to bring out 45 products which will use similar animated technology.

While Worlds of Wonder's products are geared more towards children, many of Axlon's items are designed for adults.

The firm's PetSters, which are plush cats and dogs on wheels, rely on



A STORY-TELLING BEAR, Teddy Ruxpin, is held by Don Kingsborough, chairman of Worlds of Wonder. Alongside is a companion, Grubby. Teddy speaks through audiocassettes contained in his interior.

computer chips and sensors to simulate the behavior of pets. "Many adults who don't have pets like PetSters," Bushnell said. "But pet owners like them, too. A real cat is afraid of a cat PetSter at first, but will start to bat its tail after about three days."

As electronics become cheaper and more powerful, "I foresee electronic plush animals emerging as a new category in toys," Bushnell remarked. "There is a niche for these items in consumer electronics departments."

NEWSLINES:

Personal Electronics



Weber names Sweeney v.p., sales and marketing

NEW YORK—Commodore International, Ltd., has launched its Amiga, a machine that the company hopes will help resuscitate the failing home computer industry. Retailing for \$1,295 without monitor from computer specialty outlets around the country in September, the Amiga features 256K bytes of RAM, dynamic sound and graphic capabilities as well as multi-tasking (see pg. 37 for details).

The machine will give computer specialty stores "the profit margin they need," said Marshall Smith, president and chief executive officer of Commodore. Commodore invested \$40 million in people and technology for the Amiga, and plans to double its investment in marketing and sales this year, said Thomas Rattigan, president, Commodore's North American/Operations.

By using an available Amiga option, the computer can run IBM PC-compatible software, but not floppies for the Commodore 64 or 128. The vendor has geared the Amiga mainly toward businesses that utilize graphic presentations, although home entertainment software is also available. Egil Juliusen, chairman, Future Computing, Inc., said that the product could generate some \$350 million for Commodore in the first 12 months, but noted "it will be difficult to build a big dealer base." The three largest computer chains in the country have refused to stock the Amiga.

MANAGEMENT MOVES—Weber Electronics, Inc., has announced the appointment of Charles Sweeney to the post of vice president of sales and marketing. Previously he was president of BSR. Sweeney will report to Lawrence Reichenstein, who was promoted from vice president, sales and marketing, to executive vice president ... Graham Beachum, Jr., left IBM to become vice president, computer merchandising, for Radio Shack...Unitech promoted William Kranzush to general manager. He previously was national service manager...Soft-Kat, Inc., has appointed Greg Luchsinger to the newly-created position of vice president of marketing. Previously, Luchsinger was an account supervisor at Kenyon & Eckhardt...Jeff Ash has been promoted to product manager for FlexyDisks at BASF Systems Corp. from his post as assistant product manager...Sony Tape Sales Co. has named Chuck Wright western regional sales manager. Wright was formerly vice president of sales and marketing for Code Writer Corp.

WASHINGTON, DC—The Electronic Industries Association will sponsor the International Mobile Communications Show and Conference here from Thursday, Sept. 26, to Saturday, Sept. 28. Top FCC officials such as keynote speaker Dennis Patrick, FCC commissioner, will participate in the array of educational sessions and product forums in the Washington Convention Center.

The all-industry event will offer the more than 3,500 attendees special events and exhibits like the new products Comput-A-Match—a computerized printout providing a list of new products and their manufacturers by category—and an antique exhibit showing how far the industry has come since the early days.

In all, more than 20 hours of conferences and workshops have been planned, with at least five major user groups exhibiting and holding concurrent meetings on subjects ranging from the marketing and distribution of cellular equipment to making the most of the 800 MHz reserve.

NEW RELEASES IN COMPUTER SOFTWARE

EDUCATION

CHARLIE BROWN'S 1-2-3's, Random House. Available for Apple IIe and IIc with 64K for \$39.95, and for Commodore 64 for \$29.95.

THE CLIP ART COLLECTION, VOL. I, Springboard Software. Available for IBM PC and Apple series. Suggested price is \$49.95.

GALAXY MATH: BASIC MATH FACTS, Random House. Compatible with the Apple series for a suggested retail of \$29.95.

GALAXY MATH: DECIMALS, Random House. Apple II family-compatible. Suggested retail \$29.95.

GALAXY MATH: FRACTIONS, Random House. Available for the Apple IIc, IIe and II+ with a suggested list price of \$29.95.

MATH BLASTER!, Davidson & Associates. Available now for Atari with a retail price of \$49.95.

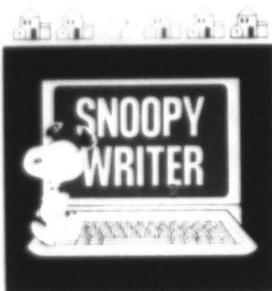
PEANUTS MATH MATCHER, Random House. Availability now for the Apple IIe and IIc for \$39.95.

SAFARI SEARCH, Sunburst. For the Apple II series. List price \$59.

SNOOPY WRITER, Random House. Compatible with Apple IIe and IIc with 64K and Commodore 64 at list prices of \$39.95 and \$29.95, respectively.

WORD ATTACK, Davidson & Associates. Atari- and Commodore-compatible. Suggested list price \$49.95.

RANDOM HOUSE
Software



GAMES

A MIND FOREVER VOYAGING, Infocom, Inc. Available soon for Apple II/IIe/IIc, IBM PC/XT/AT/jr, Atari ST, Amiga and Macintosh. Suggested retail price \$44.95.

ALICE IN WONDERLAND, Windham Classics. Compatible with Commodore 64/128 and Apple II family now. Retail price \$26.95.

BRIMSTONE, Synapse Software. Available now for the Apple II series, Commodore 64, Atari and IBM computers. Suggested price for Apple and IBM versions is \$44.95; suggested list for Atari and Commodore 64 is \$39.95.

COMPUTER FIREWORKS, Activision. Available now for Commodore 64 with a suggested retail price of \$29.95.

FAST TRACKS: THE COMPUTER SLOT CAR CONSTRUCTION KIT, Activision. Available in the fall. Compatible with Commodore 64 for a list price of \$29.95.

GARRY KITCHEN'S GAME-MAKER: THE COMPUTER GAME DESIGN KIT, Activision. Available for the Commodore 64 in October.

HACKER, Activision. Available now for Commodore 64 with suggested retail price of \$29.95.

HARDBALL, Accolade. Available for Commodore 64/128 and Apple II family for \$29.95 and \$34.95, respectively.
SPY VS. SPY: THE ISLAND CAPER, First Star Software. Compatible with Commodore 64/128 for \$29.95. Available this fall for Apple with a retail price of \$34.95.

TOURNAMENT BRIDGE, Random House. Available now. Compatible with IBM PC/PCjr, AT and XT for \$69.95.

TREASURE ISLAND, Windham Classics. Now available for IBM PC/PC jr, Commodore 64/128 and Apple II series. Retail price \$26.95.

WIZARD OF OZ, Random House. Available now for the IBM PC/PCjr, Commodore 64/128 and Apple II family. Suggested list price \$26.95.

PRODUCTIVITY

KEYBOARD BLUES, Passport Designs. Compatible with the Commodore 64 and Apple IIe/II+. Available now for \$79.95.

KEYBOARD CHORDS, Passport Designs. Commodore 64- and Apple IIe/II+ compatible. List price \$79.95.

KEYBOARD INTERVALS, Passport Designs. Available now for the Apple IIe, Apple II+ and Commodore 64 for a list price of \$79.95.

KEYBOARD JAZZ HARMONIES, Passport Designs. Compatible with Commodore 64 and Apple IIe/II+. Available now for \$79.95.

SUPER CHALLENGER, Passport

Designs. For use with Commodore 64, Apple IIe or II+. Available now for suggested list of \$39.95.

THE WORKS!, First Star Software, Inc. Compatible with the Apple II series. Available now. Suggested list price is \$49.95.



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PERSONAL ELECTRONICS

Home software market shows greater stability

(Continued from page 31)
prices for the whole industry."

Roger Buoy, president of Mindscape, Inc., also believes that the home market is alive and growing and heading towards much greater stability. "The software industry is like any industry in its infancy," he said, "like a gold rush. A lot of people who didn't know anything about software jumped into the business, and a lot of them fell out. There was a glut of bad product as a result of it, and we're just getting through the residue."

"We feel very good about business," said Metzinger of Mindscape. "There are fewer software developers and less volatility in the market. But this is an evolving business, and still relatively young. New products and technologies become obsolete quickly."

Predictions of at least 30 percent growth in software sales also came from other software manufacturers: Jim Levy, president of Activision; David Seuss, president of Spinnaker Software; and Douglas Carlson, president of Broderbund.

Seuss thinks his company's growth rate may be as high as 50 percent. "We're having a terrific year," he said. "We're selling through at a much higher rate than last year."

"But the industry needs a long period of software compatibility for stabilization," he continued. "Every other industry, including audio, has solved that problem. That's why the Commodore 128, compatible with the C64, is the right machine at the right time. We can develop for a larger and more secure base."

Prices: up or down?

Despite these predictions of stable growth, prices may be quite unstable, according to those interviewed.

"Prices are coming down," said Ozzie Katz of Soft-Kat. "Twenty-nine dollars is where it has to be. It's a good price for the consumer, for an impulse buy, and for the retailer because he doesn't need a one-on-one sell for a \$29 piece of software. Besides, the prices now at retail level across the country are about 10 to 20 percent off list price anyway, because that's where it sells. Price for quality is not that sensitive yet."

"We've been aggressive in bringing prices down," said Bill Larson, vice president of business development for Spinnaker. "We feel that software is too expensive. There will be volume gains at lower prices." Spinnaker is introducing several new products at a suggested retail price of \$19.95.

Others in the industry think that prices will stay where they are. "It will be hard to stay in the business if price points get any lower," said Richard Baumbush, president of Simon & Schuster Electronic Publishing.

"Prices will stay fairly stable except for weaker prices due to clearance of inventory," said Metzinger. "The cost has to stay high because of the cost of developing the product and getting it into the system."

"Pricing is somewhat stable now," agreed Robert Botch, director of marketing for Epyx Computer Software. "But new product always sells at a higher price. Then, as the newness wears off, there will always be a closeout on products. You usually get what you pay for, and we find that the lower priced products are lower in quality."

But with some software developers,

like Home Computer Magazine, marketing a double-sided disk called a floppy containing 10 programs for \$14.95, it becomes apparent that the price wars may have just begun.

Looking for value

While industry members disagree on pricing, they do agree on a goal: delivering "real value" to the consumer. "There's a gap in the market for products that enhance the utility of the home computer," said Botch of Epyx.

"The computer has got to be a tool in the home," agreed Katz of Soft-Kat. As a result, developers have

responded with new programs in how-to and creative software. For example, Random House released a program that teaches the user how to design a quilt and Avant-Garde has a design-your-own-home/yard program.

"The how-to market is fantastic and growing more rapidly than was expected," said Katz.

And Broderbund has focused on products like Fantavision and Dazzle-Draw, which allow the user to create animation. "Customers are more intellectual, more choosey, now," said Gary Carlson, vice president of product development for Broderbund. "I think creative software, giving them

a talent they don't have, will be appealing. I also think that animated strategy games, interactive fiction with graphics, will be popular."

"Programs which foster creativity, like Broderbund's Print Shop, are just starting," said John Paulsen, president of Springboard, Inc. "When the programs are good, people really respond."

"I think that creative software like music, art, animation and writing can be strong sellers," said Roger Buoy of Mindscape. "My advice to retailers is to tell the customer, 'Look what you can do with this. You'll sell more computers.'"

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PERSONAL ELECTRONICS/PRODUCTS

Commodore Amiga's memory can expand to 512K bytes by using a plug-in cartridge

NEW YORK—Commodore International Ltd. has introduced the Amiga microcomputer, a multi-tasking machine with superior graphic and sound capabilities, the company claims.

Based on the Motorola 68000 microprocessor, and bolstered by three proprietary microchips designed by Commodore-Amiga to facilitate sound and graphic functions, the Amiga provides a user interface that features multiple windows, multiple screens, icons and menus.

Its basic configuration offers 256K

bytes of RAM, user expandable via a plug-in cartridge to 512K bytes. It is further externally expandable to up to eight megabytes. With an available Amiga option, the machine can run the IBM PC business and professional software programs of Lotus 1-2-3, D Base III and WordStar. Commodore 64 and 128 software is not compatible.

A two-button mouse is standard as well as a detached keyboard that includes numeric keypad. The Amiga also has the largest standard color palette available on a microcomputer to date: 4,096 colors, the firm claims.

Three video ports allow the user to take advantage of analog RGB output, standard NTSC signals for a TV via an RF modulator and NTSC composite video output.

Sound features include a built-in music synthesizer with the capability for four low-noise digital voices, each with independently programmable volume, level and sampling rates. These sound features can be employed to provide text-to-speech voice synthesis, with unlimited vocabulary and user defined parameters for male and female voices.



Commodore Amiga

The following options will be available with the Amiga upon its debut in September: RGB monitor; 256K RAM expansion; RF modulator; music keyboard; 1,200-baud smart modem which may be configured to the Amiga externally; and disk drives, both 3.5 and 5.25-in. models. Suggested list price is \$1,295.

Commodore Business Machines, Inc., Computer Systems & Computer Software divisions, 1200 Wilson Dr. M. Westchester, PA 19380.

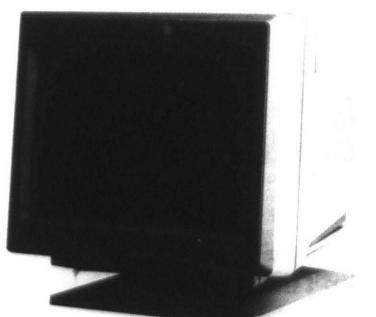
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resolution. And user-accessible controls with the optional tilt-swivel base make these monitors perfect for a workstation in the office or a desktop at home.

The ZVM-1220-A and 1230-A can be bundled with a variety of systems, including the Zenith Z-100 PCs, IBM, Apple, Compaq, Commodore and Atari. The ZVM-1240 is compatible with the IBM PC and other PC-compatible computers with easy-to-use monochrome display adaptor cards.

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Brother Word-Spell

Word-Spell alerts typist when a word is mistyped

PISCATAWAY, NJ—Brother International Corp. has debuted its Word-Spell electronic spelling dictionary. It has a pre-programmed, 50,000 word vocabulary that can be expanded with up to 300 additional words.

Word-Spell alerts users immediately with an audible signal when a word is mistyped, misspelled or does not exist in the dictionary. It is compatible with eight Brother electronic typewriters.

Brother International Corp., 8 Corporate Pl., M. Piscataway, NJ 08854.

NEWSFEATURES

Typewriter dealers need good sales help

(Continued from page 31)
in November.

What has changed, however, is that dealers now promote electronic typewriters more aggressively. "Coming up, we're going to be giving away colored daisy wheels through Brother," said May D & F's Kerutis.

"We have to have a gimmick because the discount stores can sell typewriters cheaper than I can," he said. Kerutis reported his main competition is Joslina department store and LaBelle's discount stores. "They've gotten more aggressive so we're trying to promote more," he said.

Retailers report relatively few problems with this category. "Defects are a problem with the daisy wheel," Kerutis said, "but generally it's a real easy department for electronics."

Teaching his own sales force is more difficult. "Training salespeople about all of the different features, is sometimes a problem," he said. The consumer looks to the sales personnel for guidance, but the salesman doesn't completely understand what it is he's trying to explain.

Thalhimers' Wolf said that finding space for the electronic models, which are generally larger, though not heavier than the electromechanicals, can be a challenge.

Kingsway's Lotito cited a more serious problem. The store has a service center to repair the models it rents and sells. However, occasions arise when the machine must be returned to the manufacturer for repairs. "If we have to send a machine back, it takes quite a bit more time to repair. One machine took three

months. They had to get a part from Japan."

Electronic models have bolstered the portable typewriter market considerably, but many retailers still stock at least one electromechanical

unit. "We carry about 90 percent electronic models now, but still keep a few electromechanicals around," Lotito said. "Some people still want to purchase a typewriter in a lower price range."

Examine details when moving your store

(Continued from page 74)
of rail and air transportation and suppliers.

Other points of concern are vehicular traffic patterns and the local tax structure. I know of one company that put its distribution facility in a well-situated office-warehouse park. But problems appeared quickly when it was found that traffic problems occurred each day, and the cost of distribution became higher than it was in the previous location.

Some municipalities have extra income tax, sales taxes and head taxes.

Others have special taxing districts. Some are much tougher on licenses to operate business and on the size and type of sign you may use.

Finding a location and lease terms that are right for your business is not an easy task. If you have neither the time nor the experience to make the search, contact a real estate broker.

Today, brokers specialize in different areas such as retail, office, industrial and the like. A competent professional broker can help you obtain the right location and the right lease terms.

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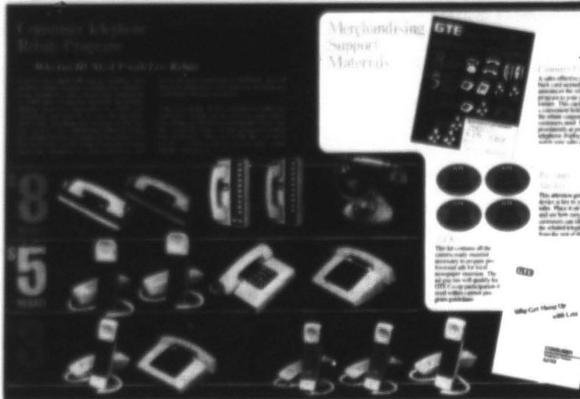
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THE NATIONAL MAGAZINE FOR HARDOGOODS RETAILERS, WHOLESALEERS AND DISTRIBUTORS

TRADING UP TO PROFITS

Retailers and vendors
look to the high end to help boost margins
in electronics, major appliances and housewares

Personal Electronics



HIGH-END REBATES are what GTE has cooked up for the fourth quarter. Consumers save from \$2 to \$8 on 12 top-of-the-line telephones. The program is supported by a host of merchandising aids.

Vendors dabble with variety of promotions for the high end

By Maureen Haefner, assistant editor

RAHWAY, NJ—Innovation is key when it comes to promoting and advertising personal electronics products. And vendors seeking the most bang for their bucks are experimenting with any number of ways to get the word out about their products.

Companies like Spinnaker Software and Smith-Corona offer enticements such as consumer contests and dealer tags to promote their top-of-the-line goods.

Some firms have shifted the bulk of their advertising efforts to dealers' shoulders.

ITT, for example, has found it effective to work directly with dealers through co-op advertising. "We're spending probably more money in 1985 than before, but in an entirely different way," said Lou Gervolino, vice president of marketing for ITT Telecom. "We're trying to induce our retailers to run ads. It's more efficient." ITT offers up to 10 percent co-op accrual on high-end products.

Other manufacturers are sticking with the tried-and-true national advertising campaigns in consumer magazines with three percent co-op accruals. Sharp, for instance, plans an extensive television and print barrage for its electronic typewriters. Other suppliers, such as Timex, are providing dealer support with a twist.

For a look at some of the strongest top-of-the-line merchandise support available, read on.

Runs through Christmas

Spinnaker Software has launched a buy three, get one free promotion. The Family Software Spectacular runs from now through Christmas and is meant to stimulate sales of all Spinnaker brands, including the higher-priced (\$59.95) Better Work series.

Consumer books like Compute will carry four-color double-page spreads for the promotion through the end of the year.

The dealer end of the promotion is an incentive for retailers to stock up on Apple titles," said Tom Pavela, brand manager. The promotional pack features 11 new Apple titles for \$199.50, a savings of 55 percent.

Each pack includes the new titles, a demo disk for each and a dealer listing in the national consumer magazines where Spinnaker's advertising appears. In addition, independent software dealers could win a free trip for two to Mexico.

Typical of AT&T's promotions is a dual-faceted event offered this past spring. Customers received a bonus certificate redeemable for varying amounts.

(Continued on page 17)

Future Tronics thrives on the high end

By Brad Berton, field editor

LOS ANGELES—Carefully nurturing its reputation as a showcase for the latest in personal electronics, Future Tronics has evolved into an ideal outlet for high-end, high-margin products.

High-tech telephones, electronic typewriters, calculators and watches are mingled with music synthesizers, robots and computerized chess and backgammon games in the store's five outlets. There are also high-end offerings in home entertainment (mini TVs, radios and tape players) and personal care (wet shavers and travel irons). And finally, there are gadgets and a high-tech clock collection.

All are displayed in strikingly futuristic stores, each set in an exclusive mall. Customers are pulled in by the silver-grey-on-blue color

P-o-p can call attention to more expensive items

By Maureen Haefner, assistant editor

PARSIPPANY, NJ—Not every dealer has the wherewithal or even the desire to maintain an extensive sales staff, so personal electronics vendors have produced a deluge of point-of-purchase materials to help customers when sales personnel can't.

Brochures, posters and hang-tags all help draw attention to high-end products, as do decorator cartons and shelf talkers.

Aside from helping the customer, these p-o-p materials can serve another important purpose. They can quickly acquaint new employees with basic product information and step-up features.

Few of the vendors interviewed by *Merchandising* have p-o-p materials designed exclusively for top-of-the-line goods, although some have product spec sheets and brochures that cover the main selling points of products in an orderly, step-up fashion.

The following survey of personal electronics vendors describes some of the types of p-o-p materials they have available to retailers:

Telephones

AT&T: The high-end Genesis phone comes with its own special display. Other p-o-p material does not distinguish high-end products from the remainder of the line. Product identification signage stresses user benefits and packaging shows functional capabilities of the phones. Display racks are also provided.

BLAUPUNKT: The company plans to ship counter displays of a cradle and handset for the MT-8000 AU cellular phone. The four-color packages can be used in window displays. Four-color brochures of the Blaupunkt line include the phone. Posters are also

available.

CODE-A-PHONE: Code-A-Phone uses four-color decorator cartons with features printed on the side. Inside each box is a product banner, also listing four or five features. "We do this because sometimes it's hard to differentiate among even our own products. Secondly, our banner points out our product as superior to other people's," said Dave Bergevin, director of corporate communications.

In addition, Code-A-Phone has a 2 1/2 ft.-long three-product display. It sports a generic header card, imprintable with any information the retailer wishes. The Code-A-Phone logo is at the bottom. This display is available to retailers at no charge other than shipping from Wisconsin.

GENERAL ELECTRIC: Each model of the Mainfone series has a label which describes its key features and warranty. Individual counter displays are also available.

GTE: This company recently redesigned its packaging to show a four-color product picture on the front and feature highlights on the back. The company includes a mylar film strip listing features on all phones.

ITT: This company has three-ft. and four-ft. display sections which can be incorporated with end-aisles or

(Continued on page 16)

Sell top of the line with sales savvy

ST. LOUIS—High-end sales are a way of satisfying the consumer while providing the retailer with maximum rather than minimum profits, according to Bob McCarthy, senior vice president of marketing and sales for the Gusdorf Corp.

With this in mind, *Merchandising* asked several personal electronics vendors what tips they would offer to retailers wanting to increase their high-end business. Here's what they said:

- Display the high-end products slightly apart from the other stock. You can set the merchandise off by placing it in a special section within the department, or call attention to it with special displays or lighting.

- Train sales personnel on key features. This may be difficult since turnover can be rapid, but try to keep your team informed about what products are available and what they offer. Also, manufacturers' point-of-purchase materials often list product features in a concise way—a handy tool for new personnel or for stores that stock a lot of SKU's.

- Merchandise related items together. For example, place all home

(Continued on page 16)

Higbee highlights high-end goods through sales training and displays

By Maureen Hoefer, assistant editor

CLEVELAND—Take a handful of experienced sales people, mix them with an innovative training program, add strategic product placement and you have the recipe for the Higbee Co.'s successful high-end merchandising program.

The 11-unit, Cleveland, OH-based department store chain utilizes a rather unique form of round robin sales training for its personal electronics department. Small groups of sales people spend an entire day going from one vendor's training session to another, learning about the advanced features of new products and old and getting hands-on experience.

The Higbee Co. itself teaches its sales force to cater to the customer's individual needs, said Anthony Kordalski, vice president and divisional merchandising manager. Not everybody wants or needs the Cadillac of the line, and it's important that the customer is happy with whatever he buys.

Other ingredients contribute to high-end personal electronics grabbing 25 percent of the unit sales pie. Top-of-the-line phones can be found in the front of the department to catch the customer's attention as he wanders through the one-million-sq.-ft. store. And a slick direct mail piece appeals to the tastes of the Higbee Co.'s upscale clientele.

Low turnover rate

The real key to high-end merchandising is the use of properly-trained sales people, agreed Kordalski and personal electronics buyer Tim Irvin. The store has a lot of what they termed "established" sales people, and though there is some turnover, it's not the major problem it often is at other electronics dealers.

"We're fortunate that way," Irvin concurred. "We have some pretty good people."

The complicated technology is not that great an obstacle for these sales people either. "The people that were trained for the camera department, which is located within the personal electronics department, have had no problem with the transference of the high-tech selling of one category to the high-tech selling of another," Kordalski said.

That's one reason why the phones, calculators and typewriters were placed near the camera department. "We already had a basic crew that understood technological merchandise," he said.

To keep the newer personnel as well as the old hands on their toes, Higbee invited vendors' reps to hold a day-long "round table" training event in early September. About 30 sales people from the eight Higbee branches with personal electronics departments attended.

This is the third year that the company has held this form of training session. The company's idea to divide its people into groups by knowledge level made this year's effort especially successful.

The reps from suppliers like Panasonic and Brother International geared their presentations to: department managers, who were primarily interested in how to merchandise the products; high-tech-oriented sales peo-

ple, who wanted to know mainly about advanced features, and beginners, who needed the basics explained.

Irvin noted that when divided up into groups of three or four, the sales people were more likely to ask questions. "They weren't nearly as reticent."

The Higbee Co. also spends time explaining the fine art of stepping up by selling down, according to Kordalski. "It's something Sears has done successfully for years."

Kordalski likes the sales person to

show the customer the full-featured item right away. The consumer may not like the price point or may decide that he does need all those features.

The sales person can then gradually step the customer down until he finds something that does suit him. Higbee won't make those extra two or three percentage points that the top-of-the-line product brings, but the customer is happy.

This method is much easier than trying to step customers up. Irvin and

(Continued on page 57)



DISPLAYS SHOWCASE high-end TeleQuest telephones at Higbee. The round plastic stands also hold several other feature units.

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PERSONAL ELECTRONICS

Vendors create training programs to sell top-of-the-line merchandise

By Maureen Haefner, assistant editor

SYRACUSE, NY.—Although almost all of the personal electronics vendors interviewed by *Merchandising* have training programs available for retailers, their staffs and distributors, only a few have programs specifically geared toward selling high-end merchandise.

Those manufacturers that do offer more than the average array of training seminars and in-store presentations do so because they say the added features that make top-of-the-line merchandise more expensive can also intimidate consumers.

"The best way to sell high end products is with well-trained sales help—people who can explain features that look ominous but are really simple," said Bob Giordano, marketing manager for telephones at General Electric.

"If a product description says 'speaker phone,' what does that mean?" he continued. "The consumer doesn't necessarily understand it."

Besides allaying consumers' fears about high-tech merchandise, sales people are also more effective than point-of-purchase materials in stepping consumers up to more expensive purchases. "If you're going to sell top-of-the-line products, you need sales people on the floor," said Larry Brydborg, Sanyo's marketing manager for consumer products. "People won't spend \$150 to \$200 by looking at a box."

The following companies, by utilizing a variety of methods ranging from special emphasis seminars to videotapes, help train sales personnel specifically in how to push top-of-the-line merchandise.

Low prices build traffic

Uniden Corp. of America places a premium on selling high-end goods in its ongoing training course. "We teach sales people to place particular emphasis on top-of-the-line merchandise," said Roy Mulhall, corporate vice president. "Anybody can sell at a low price, but we've discovered that that is not the merchandise that people want."

"Customers will always come in because they see something at an attractive price, but they'll purchase the better products—if helped by sales people."

Olympia U.S.A. has created a training/sales presentation video that centers on its Orbit DM home office typewriter. The firm has three versions of the tape for distributors, retailers and consumers.

The first version of the 12-minute tape aims to train dealers and distributors about features, applications and benefits of the typewriter. It also discusses sales support and service. The distributor can visually tag the video for a personalized second version.

The third version can be shown to customers in high-traffic stores, like department stores, as an attention-getter. "However, I think its strongest use is when there's a sales clerk present," said Charles Ascher, director of OEM sales for Olympia. "Otherwise," he continued, "the customer may only stop for a moment to take a look, then continue walking."

This attention before the sale—in

the way of product explanations—will help retailers make the full 35 to 40 percent margin on Olympia's high-end products, Ascher said.

Phone-Mate, Inc., uses training tapes for a dual purpose, said Viston Smith, director of marketing. "Of course they are to promote our products," he said. "But secondly they have a more generic use. They teach what a feature like beeperless remote is and explain some of the other things associated with the category."

"They also teach sales people about the nuances that are critical to consumers," he said.

The VHS tapes, which are not currently in use because of recent major high-end product instructions, run between five and seven minutes long and can be used for training by

retailers in their own stores.

"They are meant to walk retailers quickly through the five or six key facts," Smith said. And although these tapes introduce the whole line, they are organized in a logical step-up fashion.

Typewriter demonstrates itself

Sharp Electronics Corp., Consumer Electronics division, has developed a self-demonstration typewriter, the PA-1000. By pressing a combination of keys, the typewriter will produce a printout of its features for sales people or consumers.

In addition to this demonstration, Sharp will individualize training programs for retailers, said Dennis McLaughlin, national sales manager, Personal Electronics division.

Code-A-Phone Corp.'s retailers will be better-equipped to sell high-end products after going through the company's new training program, said Dave Bergevin, director of corporate communications. The program, which will be put into effect after the January CES, will encourage sales personnel to explain features.

People don't understand a lot of the features," Bergevin said. "What a sales person has to do is point out the features, explain them and say, 'For a few dollars more, isn't this worth it?'" Bergevin noted that salespeople will be taught to step customers up gradually, maybe \$20 at a time. "Nobody should strong-arm a customer into buying something that he doesn't want."

In addition to this forthcoming program, Code-A-Phone also has a training booklet available at no charge to retailers. The booklet contains: a glossary of terms, a rundown of features and benefits, and tips on how to run a demonstration.

Vendors employ assortment of p-o-p material for high-end

(Continued from page 14)

normal shelves; there's pegboard-type shelving for wall phones and slanted shelving for feature and desk models. Both types of shelves can be imprinted with either the retailer or ITT name.

SONY: The four-color boxes for the new Sony phones are "walking billboards" since they give a rundown of features on the sides, said Jim Geitz, audio and telecommunications advertising manager.

Because of the limited numbers of stores involved in the new product launch of the two combination telephone answerers and one clock/radio telephone, the only p-o-p currently available are spec sheets and broadsheets which describe features and tell "how our product will make life a little bit easier for consumers," Geitz said. "As inventories and shipments increase, then we'll branch out."

TELEQUEST: The design of TeleQuest's phones will draw attention to them, according to Thomas Eisenstadt, vice president of sales and marketing. The firm publishes no consumer p-o-p literature.

UNIDEN: This firm has no p-o-p solely for high-end products, but the brochures they do have progress from good, better to best products. In addition, the company has a seven-ft. display featuring a picture of endorser Jack Nicklaus for ad recognition. This display will hold between six and eight phones.

WEBCOR: The firm utilizes four-color packaging and p-o-p displays but has a special clear plastic display for its high-end cordless phone. The display explains unit features.

Watches

TIMEX: The top-of-the-line Elite watches come in their own suede pouches with gift boxes. These watches can be merchandised on countertop displays which hold 21 to 60 watches or on rotating floor displays which can hold up to 110.

Computers

SANYO: Although Sanyo has no special p-o-p for high-end merchandise, the company has product posters as well as ads for its retailers. There



COUNTER DISPLAYS like this one from GE make selling high-end phones easier. A label on the phone points out key features.

are also Sanyo banners, spec sheets and four-color brochures such as Sanyo Care, a description of Sanyo's warranty.

Electronics Furniture

GUSDORF CORP.: Gudorf doesn't use any p-o-p because "we feel the products themselves are extremely attractive" and can speak for themselves, said Bob McCarthy, senior vice president of marketing and sales. "Very few retailers will use (p-o-p). Most don't because they spend so much money on store design, fitting it to their exact specifications so that the store itself is as effective a seller as possible," he said.

Typewriters

BROTHER INTERNATIONAL: Brother has developed header cards which have callouts of the main features. A clear lucite pocket on the side of the machine makes room for literature. Laminated catalog sheets are also available.

Electronic self-demonstrations of features are not yet available for the high-end CE58/CE68.

OLYMPIA U.S.A.: The firm supplies its dealers with hang-up cards, counter cards and posters.

ROYAL: Royal provides: laminated product tags to fit over carriage veil; stickers on top of the machines, visible when the cover is lifted; a plexiglass stand with a backer card, and laminated spec sheets. "With our merchan-

dise, the higher up you go, the better specific information we'll provide the customer," said George Nagle, national sales manager.

SHARP: This vendor's PA-1000 thermal typewriter gives self-demonstrations at the touch of a couple keys. In addition, the manufacturer provides posters and flip charts on the backs of all models.

SILVER-REED AMERICA: Silver-Reed offers hang tags and mailing pieces to spell out the advanced features of its step-up machine. In the future, the company plans to distribute posters to those retailers who will allow them in their stores.

SMITH-CORONA: In addition to displays, Smith-Corona provides its dealers with mobiles and authorized dealer plaques.

Follow these tips for high-end sales

(Continued from page 14) office supplies in the same area as the typewriters. That way the customer will see your store as a one-stop shopping center. Apply this same principle to your advertising.

- If you cannot afford to stock every version of the same product—a phone, for example—carry one in a neutral color that is desk/wall mountable and tone/pulse switchable.

- Carry an-depth assortment of a few manufacturers' product lines instead of indulging in "cherry picking." It is confusing for consumers to step up to a different brand, rather like comparing apples and oranges.

- Along the same line, know how one product differs from its competitors.

- Focus on the added value for the consumer when selling. That is, show what feature justifies that extra \$15.

- "Piggyback" your own advertising efforts with vendors' national campaigns. Pushing the same styles as the manufacturer will double your coverage—for free.

- Boxes and posters cannot sell as well as people can, especially for high-end merchandise. Consumers who plan to spend a lot of money at your store generally want salespeople there to assist them.

- Don't settle for the easy sale. Try to step up all customers. —MH

Vendors fuel high end with rebates, contests

(Continued from page 14)

amounts with the purchase of any AT&T phone, said Jeffrey McCollum, national sales manager of AT&T's Consumer Products division.

The high-end Genesis phone brought a \$40 rebate, the less expensive Trimlines only \$5. About 150,000 certificates were redeemed, McCollum said.

And for retailers there was more co-op. "We have, at certain times of the year, run bonus co-op offers, allowing retailers three or four times the usual amount of co-op for the product," McCollum said. "The amount changes seasonally, but more is usually allotted for high-end products."

GTE has announced a telephone rebate program for the fourth quarter. Consumers can save from \$2 to \$8 on 12 of the company's top-of-the-line phones, according to Freeman Robinson, vice president and general manager of GTE Consumer Communications Products.

The program is being supported by rebate merchandising materials, package stickers, counter cards and an ad kit that contains camera-ready material for newspaper advertising.

In the electronics furniture category, Gusdorf Corp. has worked out a consumer rebate deal with 3M. When a customer buys a 10-pack of 3M floppy disks, he can get a \$25 rebate on Gusdorf's models 5770 and 5775, said Bob McCarthy, senior vice president of marketing and sales.

Contest draws attention

A contest sponsored by Smith-Corona may help draw attention to its top-of-the-line merchandise, accord-

ing to Fred Feuerhake, vice president of marketing. The company has provided five major department stores with the Spell-Right Challenge contest as part of its dealer support program for the fall selling period. (Spell-Right II is compatible with Smith-Corona's high-end XD-7000 electronic typewriter.)

A Smith-Corona typewriter with the Spell-Right dictionary feature will be set up in stores for contestants to use. A moderator will pronounce the word and give the dictionary definition. The contestants will type the word which will then be projected onto an overhead TV. The Spell-Right feature will signal to the audience each correctly or incorrectly typed word.

The contestant who types the most correctly-spelled words will win a Smith-Corona XE-6000 electronic typewriter.



TEN PERCENT ACCRUAL FOR co-op ads that feature high-end products is being offered by ITT Telecom, says Lou Gervolino, vice president of marketing.

In addition to the contest, Smith-Corona has also planned a major print and television campaign. "Between September and December we will spend as much money on advertising as we did all of last year," Feuerhake noted.

The firm will run full-page black and white advertisements in support of its typewriters in an array of consumer books like People, Time, Cosmopolitan and Psychology Today. Smith-Corona is not using the more popular four-color ads for the drive because black and white has been effective.

Fox Consumer Products Co. has begun the first TV advertising of radar detectors, said Joseph Everson, vice president of marketing and sales.

The 30-second spots feature the high-end Vixen II and began their seven-week run Sept. 23 on the Cable News Network. Due to the nature of commercial TV, dealers cannot tag the commercial, but an 800 number for dealer referrals is announced.

Timex is also utilizing heavy television advertising as part of its Great Watch Campaign. The commercials are comprised of three 10-second vignettes spliced together. One of the high-end Elite watches is shown as a bridge to emphasize the thinness of the watch, which is 3.97 mm thick.

The spots run all year long although they peak at Christmastime, said Hal Wylie, manager of sales and product development for Timex.

The manufacturer also advertises in magazines such as People and Time. "We tend to stick to family-oriented, mass circulation publications," Wylie said. These print ads center almost entirely on the top-of-the-line watches because it is easier to explain their advanced features in print, he said.

Timex offers its dealers a 50/50 co-op program and what's known as a QSP program—quality, size and position. Timex will foot 100 percent of the advertising bill if a retailer places an

ad in a publication that meets with Timex's approval, of a size that Timex approves, and in a position that Timex okays. The dealer must also utilize Timex's layouts.

"This program is unique among watch companies," Wylie said.

What's not unique is the firm's choice of the print medium to advertise its line. Many companies use print because "it's easier to go to the prime target through weekly and monthly publications," as a Canon USA spokesman put it. In addition to advertising support through the year, Canon will also spring for additional TV support in key markets.

Olympia USA offers little in the way of national advertising, but it does have a flexible co-op program, at an undisclosed percentage, for distributors at a trade show or perhaps financing a page of the company's products in a catalog.

The distributors have the choice of passing the money along to dealers or using it in another way to promote Olympia products. These options include sponsoring an Olympia booth at a trade show or perhaps financing a page of the company's products in a catalog.

Mura has a variation on this theme.

According to Bob Luth, president and chief executive officer, the company does not do any national consumer advertising, but does give retailers an advertising allowance instead of co-op.

Technico USA offers neither. Jenny Vegliack, vice president of sales administration, explained: "We're an off brand. We ride on the coattails of other manufacturers such as Sharp and Texas Instruments."

"It would be nice if we had the advertising budget that they do but we don't," she said. "Their advertising gives the customer full knowledge of calculator features. And once the customer knows what the features are, he can buy a brand like Technico."

NEWSLINES: Personal Electronics



Lesser demonstrates home control system

NEW YORK—Sony has broken into home security with the introduction of the WatchCam closed circuit TV system. The system, for home and commercial use, employs the four-in. black and white flat picture tube developed for the firm's Watchman personal TV. "Since Sony introduced its Watchman personal TV two years ago, we have had many inquiries about using the same flat picture tube technology for closed circuit TV cameras," said Dick Komiya, senior vice president, Image Display Products division.

Komiya said that WatchCam will help the firm fill a niche in the growing security market. He added that the firm intends to expand this line in the near future. "Sony is making a commitment to the security market and this is only the beginning," he said.

The camera, with a built-in microphone and fisheye lens, can be mounted to a door for viewing through a standard peephole. Retailing for \$499.95, the kit includes tools, mounting hardware and connectors.

NEW YORK—Infocom has introduced its "worst" interactive fiction title, *A Mind Forever Voyaging*. Infocom's 17th interactive fiction title, is the first in a series of Plus titles. "Plus" means that the program can only be run on machines with 128K memory.

"This is Infocom's second worst game," joked author Steve Meretsky. "Cornerstone (a business software program) is the first." Meretsky explained that the program, which contains no graphics, is for the advanced player and is not intended as a game at all. "It is shocking and disturbing and arouses emotional response."

The firm began shipping in September for Apple II/IIC, IBM PC/XT/AT jr and Atari ST and in October for the Commodore Amiga. The program, which retails for \$44.95, can be run on any 128K machine except the Macintosh.

NEW YORK—The X-10 Powerhouse may give people a reason to use their pc's again, X-10 (U.S.A.) Inc.'s president Peter Lesser said. The new home control computer interface enables Apple IIC/Ile and Commodore 64/128 computers to automatically control any home electrical device that is equipped with a corresponding module.

The unit can be programmed by making selections from color graphic menus via a joystick. The controller allows different instructions for each day of the week to be programmed in advance for as many as 96 electrical devices.

Compatible with earlier X-10 products, the Powerhouse will be sold through computer and electronics stores for \$150, including floppy disk and cable. The plug-in control modules are available for about \$17 each.

PERSONAL ELECTRONICS

Sales clerks can demo every product in store

(Continued from page 14)

get one, Igt's get a good one," Eslami said. "Our high-end goods aren't that much higher priced than the mid-range, so our customers can definitely afford an extra \$20 or \$30 to get an extra feature."

In-store demonstrations have also made Future Tronics successful at pushing high-end merchandise. "Each of our clerks can demonstrate every product we sell, no matter how complex," Eslami said. "When a new store opens, or when we receive a 50-percent-margin item from a big-name manufacturer, suppliers send someone in to help train our staff."

When two new Future Tronics were opened this past summer, every new sales person spent a week at each of the three existing stores, to learn the ropes.

Besides being knowledgeable, the clerks are honest about the products they sell, Eslami said. "They receive three percent commission on everything, no matter what our margin is. So it's no advantage to them to sell a higher-margin item of the same price, and they are free to explain this to the customer if they wish."

In the long run, he said, these policies help sell high-end merchandise because they assure the customer that a clerk will recommend the highest quality items within any price range.

While Future Tronics is certainly not a discount retailer, Eslami said, his prices "are very reasonable," which also helps sell high end. Margins depend on cost and quality, which vary from product to product.

Margins on calculators, for example, range from 17 to 35 percent. The store can get 35 percent on many high-end phones. And "gadgets" bring in around 40 percent. "My competitors usually ask for 45 percent on these products, but I won't charge that much," Eslami added.

Special relationships help

One might wonder how Future Tronics can beat the prices of other high-end retailers. Special agreements with manufacturers help. Eslami explained: "Every company I buy from, except AT&T, discounts our invoices because we don't use their co-op funds. When I explained to one VP that I can't afford to discount and advertise, and that I'm an excellent showcase for his new products, he agreed to the discount."

Once the first company agreed, others soon followed. And Future Tronics now receives discounts of between 3-1/2 and five percent. Combining this with volume discounts and his own additional two percent markdown, Eslami is happy to let customers compare his prices with those of other high-end retailers.

As examples, Future Tronics carries such high-end items as the Panasonic RK-P200-C electronic typewriter for \$279.95, the Panasonic Penwriter RK-P400-C for \$349.95, the wafer-thin Casio SL-800 calculator for \$19.95, the TeleConcepts Shell Phone (325-541) for \$299.95, and the Phone-Mate 9550 telephone/answering machine for \$299.95.

Future Tronics' special relationships with suppliers provide other benefits



FUTURISTIC STORE DESIGN is one reason that Future Tronics makes about 40 percent of its sales in the high end. The silver-gray-on-blue color scheme, plastic bubble displays and special lighting all help attract customers.

as well. "Manufacturers often give us free products to show, and they allocate orders to us faster because we push high end so well," Eslami noted.

In addition, two major manufacturers (whom he declined to name) "will begin giving us demo models immediately after the Consumer Electronics Shows, so we can show the new items, give our estimate of the price and take orders."

Eslami also has an importer friend who travels to Japan monthly and brings back photos of the latest products, giving Eslami another jump on the competition.

Not just high end

Nevertheless, Eslami does not see his store as strictly a showplace for the high end. "We don't base buying decisions on high end or low end," he explained, but rather on style and futuristic qualities. "It's stupid to try to sell something just because it's high end, just because it's expensive."

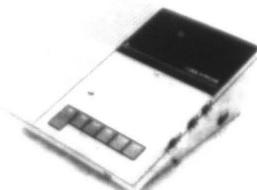
Our high-end products sell themselves because they're new, they're unique. We don't have to give them special emphasis."

Eslami, who left Iran in 1979, opened his first Future Tronics store in trendy Westwood Village (near the UCLA campus) that same year. It was closed, however, earlier this year, in conjunction with the grand opening of the branch in the new Westside Pavilion.

Other outlets are at Beverly Center, Del Amo Fashion Center and Glendale Galleria, all located in wealthy areas. And the store's first venture outside of Los Angeles, in San Diego's Horton Plaza, celebrated its opening in August.

Five new stores are set to open next year. Dallas and Houston are slated to get Future Tronics outlets and San Francisco is under consideration. According to Eslami, "I'm getting one or two invitations per week from malls all across the country."

HIGH-END PRODUCTS



Offers compact design

Product: telephone answering machine
Model: 2100
Features: stacked cassette technology for compact styling; one-button operation
Suggested list price: \$109.95
Manufacturer: Code-A-Phone Corp., P.O. Box 5656, M. Portland, OR 97228



Sports speaker phone

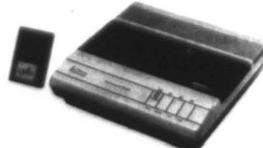
Product: telephone
Model: 2-9350

Features: speaker phone system, one-touch emergency dialing
Suggested list price: \$115.95
Manufacturer: General Electric Co., Electronics Park, M. Syracuse, NY 13221



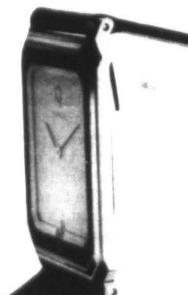
Demonstrates itself

Product: typewriter
Model: AX-10
Features: dual 10 and 12 pitch selector; 40 character lift-off correction memory; self-demo button
Suggested list price: under \$200
Manufacturer: Brother International, 8 Corporate Pl., M. Piscataway, NJ 08854



Can add phone option

Product: answering machine
Model: AN-8400
Features: microprocessor control; dual cassette; VOX; LED call counter
Suggested list price: \$129.95
Manufacturer: Cobra Consumer Electronics Group of Dynascan Corp., 6460 W. Cortland St., M. Chicago, IL 60635



Black sets off dial color

Product: watch
Model: 43611
Features: thin (3.97mm) calendar watch; champagne-colored dial bordered in black; gold-tone bezel
Suggested list price: \$100
Manufacturer: Timex Corp., P.O. Box 2126, M. Waterbury, CT. 06720



Contains calculator

Product: telephone
Model: PC1007
Features: four-function calculator
Suggested list price: \$199.95
Manufacturer: ITT Telecom Business & Consumer Communications Division, 3100 Highwoods Blvd., M. Raleigh, NC 27604



Can be wall mounted

Product: answering machine
Model: 7300
Features: built-in wall-mountable option; dual microcassette system
Suggested list price: \$129.95
Manufacturer: GTE, One Stamford Forum, M. Stamford, CT 06904

HIGH-END PRODUCTS



Can be expanded

Product: personal computer

Model: Amiga

Features: 256K of RAM that can be expanded to 512K with 192K of writable control store; 89-key keyboard with numeric keypad; 80x25 line text display; maximum 640x400 resolution; palette of 4,096 colors; parallel, serial and second drive ports; three video and two audio ports; two-button mouse controller; built-in 3.5-in. 880K floppy disk drive; two reconfigurable joystick ports; text-to-voice and music synthesis capability.

Suggested list price: \$1,295.

Manufacturer: Commodore Business Machines, Inc., 1200 Wilson Dr., M., West Chester, PA 19380.



Transfers messages

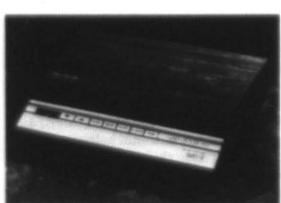
Product: telephone/answering machine

Model: IT-A600

Features: one-touch dialing; on-hook dialing; beeperless remote control; speaker phone; conversation record ability; double microcassette; individual security coding; 10 programmable one-touch controls for frequently dialed numbers; automatic transfer of important messages to a remotely programmable phone number.

Suggested list price: \$229.95 to \$259.95.

Manufacturer: Sony Consumer Products Co., Sony Dr., M., Park Ridge, NJ 07656.



Provides two lines

Product: telephone answering machine

Model: 690/2

Features: push buttons to activate fast forward, repeat and back space functions; remote message pickup; remote outgoing message change; call screening; adjustable VOX; variable ring selector with toll saver; beeperless remote; automatic or owner selection of either of two lines; control which

automatically disengages and resets unit when any extension phone on the calling line is picked up.

Suggested list price: \$179.95.

Manufacturer: Record a Call, 19200 S. Laurel Park Rd., M., Compton, CA 90220.



Uses spelling checker

Product: electronic typewriter

Model: XD-7000

Features: compatibility with company's add-on spelling checker for detecting misspellings of 50,000 words; 16-character display; WordEraser correction; conversion to a letter-quality computer printer; editable memory of up to 4,000 characters.

Suggested list price: \$519.

Manufacturer: Smith Corona, 65 Locust Ave., M., New Canaan, CT 06840.



Comes in pocket size

Product: radar detector

Model: RD 9

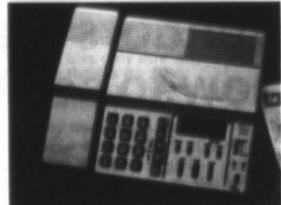
Features: measures 4.2 in. x 2.76 in. x 0.71 in.; can separate X- and K-band LED and auto indicators; electronic data interference terminator circuitry; two-position highway/city selector switch; single three-position switch for selection of audible, visual or combined alert when radar is detected.

Suggested list price: \$269.

Manufacturer: Uniden, 15161 Triton Lane, M., Huntington Beach, CA 92649.

Features: conversion to a transportable unit by the attachment of a battery and carrying handle; programmable unlock code; call length timer; 16-digit backlit LCD display; silent incoming call; 100 memory capability; weighs four lbs., measures 98 cu. in. Suggested list price: approximately \$2,200.

Manufacturer: Mitsubishi Electric Sales America, Inc., 5757 Plaza Dr., P.O. Box 6007, M., Cypress, CA 90630.



Offers 2-line capability

Product: telephone answering machine

Model: 9750

Features: two-line message talking; two-line answering capability; one-touch operation; automatic voice instruction for 20 machine functions; message/dictation capacity; 10-number auto dialer/redial; beeperless remote.

Suggested list price: \$279.95.

Manufacturer: Phone-Mate, 325 Maple Ave., M., Torrance, CA 90503.



Prints in black, red

Product: electronic printing calculator

Model: EL-2620S

Features: prints plus values in black and minus values in red; prints and displays 12 digits; includes markup and sign change keys; bright green fluorescent display; four-key memory; fixed or floating decimal.

Suggested list price: \$99.95.

Manufacturer: Sharp Electronics Corp., 10 Sharp Plaza, M., Paramus, NJ 07652.



Adds console module

Product: telephone system

Model: Genesis

Features: two-line service with a console add-on module; 15 one-touch calling locations; automatic redial of busy or unanswered numbers; programming capability for one-touch operation of PBX and Centrex features; busy/idle line status indicators; system hold and conferencing.

Suggested list price: \$199.95.

Manufacturer: AT&T Consumer Products, 5 Wood Hollow Rd., 3B19, M., Parsippany, NJ 07054.



Stores names

Product: telephone

Model: AP2002

Features: stores 200 numbers that can be accessed by the entry of a name punched into the alphanumeric keyboard; speaker phone; two-line capability; continuous liquid crystal display for clock, call timer and name/number.

Suggested list price: \$139.95.

Manufacturer: Mura Corp., 385 W. John St., M., Hicksville, NY 11801.



Boasts compact size

Product: cellular telephone

Model: MESA 50

Merchandising

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THE NATIONAL MAGAZINE FOR RETAILERS OF HOME AND AUTO ELECTRONICS, HOUSEWARES AND MAJOR APPLIANCES

Buying groups shift strategies to react to changes at retail

NEW YORK — The recent growth of "power retailers" in the consumer electronics and major appliance business is forcing some major changes among the buying groups that serve the industry.

First of all, the groups are more popular than ever. Smaller retailers who saw no reason to join in the past are now clamoring to get in. And they're not always succeeding.

At the other end of the spectrum, the major chains, many of which are rapidly expanding, often find themselves doing business in the same market as a fellow group member. The days of peaceful coexistence seem to have all but passed.

All of this has led to a surge in the growth of many buying groups. Some new organizations (in one case splitting in two) to better serve the needs of their members.

And these members feel that buying groups are more important than ever before. Pricing, of course, is key. But beyond that, the retailers say, they rely on additional benefits such as insurance discounts to make the big difference on their balance sheets.

For a complete look at the state of today's buying groups, turn to page 13.

Falling VCR prices help to increase sales but devastate margins

STAMFORD, CT — VCR prices are continuing to plummet, according to retailers, some of whom report making adjustments almost on a daily basis.

Beta models, the dealers say, are going for as little as \$169. And VHS is not faring much better, with low-end units selling for \$188 in some stores.

As for margins, the retailers say, they too are suffering, falling well below the 20 percent point in many cases. And increased volume is not making up the difference.

High-end units are not immune to spiraling prices either. One retailer said he's selling a Beta hi-fi unit for \$399 and a VHS hi-fi model for \$499.

Just how low can prices go? Get the retail reaction on page 43.

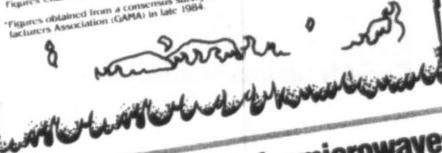
'3 bedrooms + computer' sells homes in California

LANCASTER, CA — Turning a personal computer into a home appliance is no longer fiction. Nevertheless, dealers continue to

WHAT'S HOT IN MAJOR APPLIANCES?

	Projected '85 Units sold by dealers (in thousands)	% Change from '84
Room Air Conditioners	3,120	+ 0.5%
Dehumidifiers	607	+ 2.7%
Dishwashers	3,486	- 0.1%
Built-In	3,245	0.0%
Portable	241	- 2.0%
Disposers	4,012	- 1.8%
Compactors	181	- 0.5%
Refrigerators	5,986	- 0.1%
Freezers	1,199	- 6.4%
Upright	593	- 6.1%
Chest	606	- 6.8%
Electric Ranges	3,049	- 0.8%
Free-Standing	2,482	- 0.6%
Built-In	567	- 1.7%
Gas Ranges*	1,720	- 0.7%
Free Standing & Set-In*	1,519	- 1.1%
High Oven*	91	0.0%
Built-In*	110	+ 3.8%
Microwave Oven/Ranges	10,863	+ 19.0%
Washers	5,154	+ 2.1%
Dryers	3,767	+ 2.3%
Electric	2,993	+ 2.1%
Gas	775	+ 2.8%

Figures Courtesy of the Association of Home Appliance Manufacturers (AHAM). *Figures obtained from a consumer survey of members of the Gas Appliance Manufacturers Association (GAMA) in late 1984.



Housewares departments make room for microwaves

NEW YORK — Rapidly falling prices have led a number of department stores to relocate their microwave ovens in the housewares department, a move that some say is paying handsomely.

Prices have declined to the point that much more than some other kitchen electrics, the dealers note. And microwave ovens, along with cookware and bakeware, can produce a profit-generating mix.

In addition, as consumers become more familiar with microwave

technology, they no longer need the informed sell that they once did. Also, lower prices mean it's no longer as feasible to sell the ovens in a commission-oriented electronics department.

Not all department stores, however, have made the switch. Some continue to sell the ovens in the electronics department. Still others find that the microwaves-as-housewares tactic may work in some stores, but not in others.

Details about the microwave oven's big move into housewares on page 25.

It pays retailers to shop around for choosing long-distance service

... when the toughest decision you have to make is whether to get a WATS line.

Personal Electronics AND HOME COMPUTERS

Smarthome turns pc's into home appliances

By Debbie Rosenblum, contrib. ed.

LANCASTER, CA—Turning a personal computer into a home appliance is no longer fiction. It became reality recently with the grand opening of a housing project here. And though it's the first in the nation, it certainly won't be the last. Another housing development featuring a home control system was just introduced to prospective buyers in Fontana, CA.

According to sources involved with both, the building market could prove to be a valuable distribution outlet for computer dealers. In each case, retailers furnished the systems and worked with the developers in setting up a training and service program.

"It's going to open up an alternative means of distribution for computer products," said Tim Schoeckle, president of CyberLynx, Boulder, CO. "That's one way microwave ovens got established. Builders put them in new homes."

In control

CyberLynx is working with builders in providing its Smarthome, a wireless home control and security system that operates with a personal computer. A house equipped with both helps the homeowner to guard against fire and burglary, water the lawn, regulate the thermostat and lighting and turn numerous types of equipment on and off. At the same time, the computer is available for home banking and other videotex services as well as for running any software programs from games to word processing to spreadsheets.

Last April, the company announced its first thrust into the homebuilding market in cooperation with Real Property Systems, Inc., Encino, CA. Lancashire Homes, a 200-unit single-

family housing project, features as an option homes equipped with a built-in Apple IIc and Smarthome. An integral part of the new home, the system is financed as part of the mortgage.

"The home buyer response has been very good," reported Glen Spencer, president, Real Property. "About 40 percent thus far have elected the option. And we haven't even been really pushing it yet. It sells itself."

A five-minute demo shows prospective buyers how easy the system is to operate. All the appliances are controlled with the use of graphic icons on the screen and a mouse. The devices are preset to function as the homeowner wishes. With a push of the button, one can turn on the stereo or alert the proper authorities of a medical emergency or burglary, for instance.

The Apple IIc can also be quickly disconnected and used for regular PC functions. Meanwhile, the Smarthome continues to monitor and run the home.

"We provide a basic operating system," Schoeckle pointed out. "We made sure it was extremely simple to use so that it would be just like any other home appliance. However, people can add on to it as much as they



FIVE-MINUTE DEMOS give potential customers a taste of how easy the Smarthome system is to operate. A mouse and graphic icons on the screen control appliances.

would like."

Spencer noted that the time is right for such a home control system. "The cost has reached a point where it can easily pay for itself in savings, realizing

ed through reductions in insurance and energy management.

In a move that ties in local stores, the developers are buying their per-

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Customer service is the key to cellular dealer's success

By Maureen Haefner, assistant editor

WASHINGTON, DC—Success comes not from doing one thing 1,000 percent better, but from doing 1,000 things one percent better.

This attention to detail has helped

Michael Gill, co-owner and president of AmeriCom Technology Corp., sell between 80 and 85 cellular phones a month, with sales for October projected at 115 units.

Gill credits customer service and the

\$2,500 to \$3,000 a month spent on advertising and promotions for the organization's rapid growth in the Baltimore, MD, area.

He spoke as part of a panel discussion at the Electronic Industries Association's Mobile Communications Show, held in Washington, DC, Sept. 26 to 28. In his speech, Gill described the path that lead his company to break even only eight months after its opening Aug. 6, 1984.

Service makes the difference

"I felt there was a need for a quality direct sales strategy," he said. "There's a need for a confidence level that relates to the place where a customer makes his purchase. Customer service is about the only thing with which we can really, really differentiate ourselves."

It wasn't easy at first to develop the good customer service relations that Gill said he feels are the hallmark of his company.

"We lost \$40,000 year one," he said, "mostly on installation and service." (Another company had come out with a plan that included installation in the purchase price, Gill reported.) "But where we had our biggest problems we now have our best customers."

The firm sells to selected accounts ("only a few so far, but they're an annuity"), vertical markets (CPAs and lawyers), distributors and small businesses. AmeriCom does about 10 percent of its business directly to consumers and about 60 to 70 percent as

(Continued on page 57)

Grateful retailer sees repeat sales rise

By Irene Clepper, contributing editor

CINCINNATI, OH—Two simple words—"thank you"—have allowed Phone Land to achieve a 10 percent gain in its repeat business.

"When was the last time that a merchant wrote or phoned to thank you for making a purchase?" asked owner Jeffrey Holtmeier. "We started sending formal-looking thank-you cards about a year ago to customers who made a purchase. The reaction has been very strong."

Phone Land waits about two weeks after a customer makes a purchase—which is time enough for any customer complaints to be registered. "We don't want to be in the position of thanking a patron for purchasing a defective telephone!" Holtmeier said.

The thank-you cards say, "Phone Land wants you to know that your satisfaction is important. And your satisfaction is important to us. We also want you to be a frequent customer. We will be happy to send you a special discount on your next purchase."

Sincerely,
Jeffrey Holtmeier
President

FIFTEEN TO 18% OF THANK-YOU CARD RECIPIENTS BRING THE CARDS BACK FOR REDEMPTION. THIS ALLOWS PHONE LAND TO DOCUMENT ITS REPEAT BUSINESS.

more repeat business than we would without it, and that's a conservative estimate."

Many patrons buy another phone

Typically, Phone Land's customers use the discount to buy another phone. "The average household has three phones, but the average seems to be climbing," Holtmeier said.

There is no deadline for using the discount offer. A customer may take anywhere from a month to four or five months to come back to the store.

After he makes another purchase, he is sent another thank-you card two weeks later. "For every purchase made, a thank-you card is sent; the system just keeps going on and on," Holtmeier explained.

But not all customers use the discount cards. And sometimes, it's a good thing that they don't—at least for Phone Land.

"We just completed a \$65,000 installation at Home State Savings and Loan the day before it went belly-up."

(Continued on page 57)

MERCHANDISING

NEW RELEASES IN COMPUTER SOFTWARE

GAMES

APBA MAJOR LEAGUE PLAYERS BASEBALL. Random House. Available now for the IBM PC/PCjr/XT/AT. Carries suggested list price of \$89.95.

COMPUTER NOVEL CONSTRUCTION SET. Hayden Software. Now available for the Macintosh and the Apple IIe/IIc. Carries a suggested retail price of \$49.95.

FALCON PATROL II. Artworx Software. Compatible with the Commodore 64/128. Suggested list price is \$19.95.

INTERNATIONAL HOCKEY. Artworx Software. Commodore 64/128-compatible. List price is \$24.95.

JET. SubLOGIC Corp. Available for the IBM PC/XT/AT/PCjr and other PC-compatible computers. Suggested list price is \$49.95.



JET COMBAT SIMULATOR. Epyx Computer Software. Available for the Commodore 64 in the \$19 to \$29 price range.

PERPLEXX. Hayden Software. Compatible with the 128K Macintosh at a suggested retail price of \$89.95.

SORCERY. Artworx Software. Compatible with Commodore 64/128 computers. Suggested list price is \$19.95.

SPELLBREAKER. Infocom. Now available at \$44.95 for Atari ST/XL/XE and Commodore 64/Amiga. Suggested retail price is \$49.95 for Apple II/IIe/IIc, IBM PC/AT/XT/PCjr, Macintosh and MS DOS compatibles.

TEMPLE OF APASHAI. Epyx. Available for Commodore 64, Apple, Atari and IBM at prices ranging from \$19 to \$29.

TURBO GAMEWORKS. Borland International. Compatible with the IBM PC family of computers and true compatibles. Suggested list price is \$69.95.

WORD CHALLENGE. Hayden Software. Currently available for 128K Macintosh, Apple II Plus/IIe/IIc with 48K, IBM PC/PCjr with 128K and Commodore 64/128.

EDUCATION

ALGE-BLASTER! Davidson. Currently available for the Apple II family and retails for \$49.95.

BODY IN FOCUS. CBS Software. For



Apple, IBM and Commodore.

CAVE OF THE WORD WIZARD. Timeworks. Compatible with Commodore 64/128 computers. Suggested retail price is \$24.95.

HIDE 'N SEQUENCE. Sunburst. 48K Apple II, Commodore 64-compatible. Suggested list price is \$69.

HIGH WIRE LOGIC. Sunburst. \$59 for the 48K Apple II series.

MATH BLASTER! Davidson. Now available for the Macintosh.

THE NEWSROOM. Springboard. Now available for the IBM PC.

PLANETARY CONSTRUCTION SET. Sunburst. Compatible with the 48K Apple II series for \$59.

TIP 'N FLIP. Sunburst. Priced at \$59 for the Apple II family.

PRODUCTIVITY

BUSINESS FORMS. Haba Systems. Compatible with Macintosh word processors. Suggested retail price is \$49.95.

BUSINESS LETTERS. Haba Systems. Now available for Macintosh word processors, Atari ST and Apple IIe/IIc. Suggested list price is \$49.95.

CHECKMINDER. Haba Systems. For the Atari ST computer at \$74.95. EZTax-PLAN Pro, EZWare Corp. Compatible with the Apple IIe/IIc, Macintosh, IBM PC line and others. List price is \$295.

HABA HIPPO-C. Haba Systems. Designed for the Atari ST. Suggested retail price is \$74.95.

MANAGING YOUR MONEY. Meca. Availability is now for the Apple IIe/IIc.

NUTRITION MANAGER. pbc's. For the IBM PC and Kaypro. Retail price is \$295.95.

REVELATION. Cosmos. Will run on most MS-DOS and PC-DOS systems with 320K RAM and two 320K floppy disk drives. Suggested list price is \$24.95.

WILLS. Haba Systems. Atari ST, Apple IIe/IIc-compatible. Suggested retail price is \$49.95.

NEWSLINES: Personal Electronics



Software allows user to command starship

NEW YORK—Mass merchants are selling more and more floppy disks, according to Mark Welland, national sales manager for Maxell. He reported that 30 percent of his company's disk business now comes from this category. And he expects that to reach 50 percent by mid-1986. "More distributors and dealers are beginning to recognize the importance of selling computer supplies, such as disks, to increase their overall sales," he said. "They are taking advantage of the fact that within two years of buying a computer, users spend twice the money on supplies that they spent on their original hardware purchase."

Commenting on the competitiveness of today's market, Welland noted that for every one firm that leaves the business, two more enter. "This trend, however, will end in the next few months. In the future, there will be four to five viable, strong sources."

BUFFALO, NY—Ingram Software Distribution Services has doubled its sales staff and added a new telephone system to prepare for what it calls "the best fourth quarter in the company's three-year history."

Sales and marketing vice president Jordan Levy said the company's combined inside and outside sales force now numbers more than 50 people. And by this month, the company predicted volume sales of some \$11 million from a customer base of about 7,000 in the U.S.

NEW YORK—A new interactive text adventure game boldly goes where no software has gone before. Simon & Schuster's Star Trek: The Kobayashi Alternative is a sci-fi adventure in which the players "become" Captain Kirk to take on the challenge of an intergalactic mystery.

The Kobayashi Alternative is a computer simulation designed to test the command abilities of Starfleet cadets. The game also incorporates a distinctive "personality database" for each of the familiar Star Trek characters.

The program carries a suggested retail price of \$39.95 and is available for the IBM PC/PCjr/XT, Commodore 64 and Apple II series of computers at computer specialty and consumer electronic stores, mass merchandisers and book, toy and video outlets nationwide.

PROMOTION PIECES—Technico Corp.'s new dump display program, offering a choice of three different calculator assortments, has been introduced to supermarkets, drug chains, convenience stores, discount operations and other mass merchants. The display measures four ft. high by 15 in. wide by 11 in. deep...Intellivision has launched a promotional campaign to stimulate videogame sales over the Christmas holiday season. The company is introducing an upgraded version of Major League Baseball called World Championship Baseball. Other releases include Thunder Castle and a licensed version of Karate Champ.

NEW YORK—Nintendo of America has enhanced electronic videogame graphics and performance with its Nintendo Entertainment System (NES), the firm claims. The system features R.O.B., an interactive video robot, the Zapper light-sending video gun and a variety of game software. The base package includes a control deck, two controllers, R.O.B., the Zapper and two Game Pak's for a suggested retail price of about \$150, said Bruce Lowry, vice president of sales, consumer products.

The company has planned a major ad campaign—\$2.5 million broadcast and print for the fourth quarter—to support the launch in major retail outlets in the New York/New Jersey area.

PERSONAL ELECTRONICS/PRODUCTS

New line of peripherals is fully compatible with all existing Apple personal computers

CUPERTINO, CA—Apple Computer has introduced a number of new peripherals for its line of personal computers.

Compatible with all Apple computers, the ImageWriter II printer offers three printing modes, including one that is nearly indistinguishable from daisy wheel printing, said the company. Standard and draft modes provide extra speed.

An expansion slot accommodates a range of interface boards. The optional SheetFeeder, which snaps on top of the printer, automatically loads up to 100 sheets of paper.

The printer's top speed is 250 characters per second, more than twice the rate of its predecessor. International versions are available.

Suggested retail price of the printer is \$595. The cable that connects the printer to the computer has a suggested retail price of \$29.95 and the ImageWriter II SheetFeeder's price is \$225. Black ribbons come in packages of six for \$10.50.

Designed to complement the Apple IIe and IIc, the 14-in. ColorMonitors IIe and IIc are high-resolution color video monitors that can double as monochrome monitors for displaying 80-column text.

Both work without cards or adapters, plugging directly into the video output jack of any Apple II computer.

Both are backed by a 90-day limited warranty.

The suggested retail price for both is \$399. The optional ColorMonitor IIc stand has a suggested price of \$25. The Apple Personal Modem can be



Apple Computer's ColorMonitor IIc

connected to any personal computer with a standard RS-232C serial port. With the appropriate cable, it plugs directly into the back of any Macintosh (128K, 512K or XL), Lisa, Apple IIc or Apple IIII computer or into a serial interface card installed in any Apple II, II Plus or IIe computer.

The modem operates at 1,200 bits

per second for personal computer communications, and can transmit at 0-110 bps and 300 bps for networks and services that require slower speeds. Other features include auto-answer, auto-dial and auto-redial capabilities, VLSI circuitry and internal power supply.

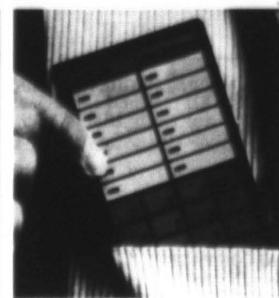
The modem uses the Hayes Smartmodem Command Set. It comes with a telephone connector cable, instruction manual, promotional offers from a variety of communications services and a 90-day limited warranty. Dealers can carry the data cables for hook-up to any Apple computer system. The modem's suggested retail price is \$399, and the eight-foot cable's suggested retail price is \$29.95.

The new peripherals also include UniDisk 3.5, a 3½-in. floppy disk drive that can store up to 800 kilobytes of information, and the Apple II Memory Expansion Card, an interface card that expands the maximum internal memory of the Apple II, II Plus or IIe to over one megabyte.

Suggested retail price for the UniDisk 3.5 is \$499. The accessory kit with the interface card required for connection to an Apple II, II Plus, or IIe has a suggested retail price of \$69.

The Memory Expansion Card is not yet available.

Apple Computer, Inc., 20525 Mariani Ave., M, Cupertino, CA 95010.



Selectronics' QuickDial 50

Auto-dialer stores up to 52 numbers

MINNEAPOLIS, MN—Housed in a pocket-size dialer with a membrane keypad, this QuikDial 50 by Selectronics offers portable automatic dialing.

The automatic telephone dialer stores up to 52 telephone numbers—12 listed by name and 40 listed by name and code—and can dial directly from memory with the touch of a button. QuikDial 50 stores 32 digits per number.

Other features include memory speed dialing, automatic shutdown and redial. A pause key links user's pre-programmed access number to any of the 52 numbers in memory. Batteries included are rechargeable without losing memory. Suggested retail price is \$39.95.

Selectronics, 5905 Golden Valley Rd., M, Minneapolis, MN 55422.

Timex introduces 22 quartz watches; sports model offers easy-to-read hands

NEW YORK—Timex Corp. has unveiled 22 new quartz watches.

The 10-function Marathon Sports Quartz, comprising the Illusion collection, has easy-to-read hands like a conventional watch as well as the electronic features of a digital watch. These include a constant-on smart calendar, chronograph, alarm, countdown timer, dual time and a backlight for nighttime viewing. In a water-resistant black resin case with a silver-tone display, this watch retails for \$39.95.

For everyday wear, Timex has reintroduced the Easy Reader, featuring bold hands and numerals for suggested retail prices ranging from \$19.95 to \$29.95. Also featured in this group is a rectangular-shaped, silver-tone timepiece with a step-motion second hand, priced at \$24.95. A gold-

tone, oval-shaped watch with pin-stripping and a Speidel Twist-O-Flex bracelet retails for \$39.95.

The dress wear category features the men's Quick-Set Alarm watch. The alarm is easily set by the simple turn of a crown, the firm said. The top-of-the-line model, at \$74.95, comes with a gold-tone case, champagne colored dial and brown leather strap. The silver-tone version, at \$64.95, is band-ed in black leather.

The three sportswear offerings are all fashioned in lightweight, rugged resin. The Camper Watch, Black Max SportsQuartz and ladies three-handed watch are water-resistant and feature luminescent hands and hour markers with a step-motion second hand. Each is priced at \$29.95.

Two new eight-digit multi-function digitals offer constant-on date and seven-year lithium battery. They are priced at \$17.95 and \$19.95. The four 12-digit introductions are water-resistant up to 100 meters, have a 13-hour chronograph, alarm, countdown timer, dual time zone capability and a battery life of five years. Prices range from \$24.95 to \$39.95.

Timex Corp., P.O. Box 2126, M, Waterbury, CT 06720.



Timex Marathon

Cellular car phone now displays cumulative air time

CYPRESS, CA—Mitsubishi has added two features to its DiamondTel MESA 40 cellular telephone.

The features are DTMF Overdialing from Memory, which transmits tones commonly used for alternate long-distance services, paging, and electronic banking; and cumulative air-time display, which logs total phone-use time.

The existing features include

10-digit backlit LCD display, 32-digit capacity, positive action keypad and repertory dialing.

Also being offered are spare installation kits for customers wishing to transfer the DiamondTel MESA 40 between cars or a car and a boat. The kits provide hardware and cables.

Mitsubishi Electric Sales, Inc., 5757 Plaza Dr., PO Box 6007, M, Cypress, CA 90630-0007.

Calculator offers extra-large buttons

GARDEN CITY, NY—Webcor Electronics, Inc. has expanded its Nisan line of desktop calculators to include two new models.

The first, the NS401, is a solar-powered, compact calculator with an angled, easy-to-read, 12-digit LCD display. The model offers extra-big buttons.

Standard features include square root, change sign, right shift, automatic constants, exchange percent and delta percent keys. This model carries a suggested retail of \$29.50.

The NS411 has a sturdy serial impact printer with fluorescent display and a 10-digit capacity for entries and results.

The machine prints 1.5 lines per second and features a fully coded keyboard, with sloped + and - keys. Complete with a plain paper roll, the NS411 retails for \$66.95.

Webcor Electronics, Inc., 107 Charles Lindbergh Blvd., M, Garden City, NY 11530.



Webcor model NS401

Carriers offer discounts to high-volume users

(Continued from page 56)

a small, out-of-the-way location, it may be wise to make sure that it is an "on-net" location for your carrier.

Another factor to consider is "answer supervision." Some companies, such as Allnet and ITT, cannot tell when a call is picked up at the other end, so they automatically start billing after a specific time period (one minute, or 10 rings for Allnet and 45 seconds, or six rings for ITT). If you do not complete your call, you must keep track and deduct the charge from your bill. This problem will most likely be eliminated by the time equal access is in effect nationwide.

If you are a high-volume user, yet not high enough to justify getting a WATS line, most companies offer volume discounts. (See Figure 2, page 56.)

Some companies, such as ITT, now offer intrastate service. There are special rate schedules for this service and it is expected that many more companies will offer intrastate service in the near future.

If this does not suit your needs, there are WATS (wide area telecommunication service) lines offered by most carriers. There are, however, substantial one-time and monthly charges to consider.

AT&T, for instance, does not recommend its WATS service for users whose monthly bills fall under the \$300 to \$350 mark. ITT's cutover

point is 45 hours (\$600 to \$700) of long distance usage per month.

Many other services are offered for business customers and one should be sure and ask about these services before making a decision.

There are many telecommunications consultants who, for a fee, will analyze your monthly phone bill to decide which service or services best suit your needs. TRAC's Simon advises users to analyze their bills after they employ their new service. Since rates are changing at such an amazing pace, what might have been a good choice six months ago might not be the best choice for you today. According to the Survival Guide, rates should decline in the near future as the FCC lowers AT&T's rates and other companies fight to remain competitive.

Trading quality for price

Of the retailers interviewed who have switched from AT&T, all have found some savings with their new service. But some have complained of quality problems such as cross-talk

(hearing more than one conversation at once), bad connections and hang-ups.

Ronnie Schumaker, vice president, Jerry's Sport Shop, Kansas City, MO, said that he recently switched from Communigroup to LDX Max because he "couldn't hear too well."

Harold Mockel of Creative Merchandise, Minneapolis, uses a combination of MCI Network Services and AT&T for his 10 WATS lines. He said MCI saves the firm about seven cents a minute over AT&T. "We had quality problems initially, but MCI cleared them up."

David Desisto, manager of telecommunications, Lechmere, Woburn, MA, said he heard that MCI has quality problems, but feels that since IBM bought stock in MCI, the quality will improve. (IBM has agreed to sell SBS to MCI and invest \$400 million in MCI in exchange for the right to buy up to 30 percent stock in MCI, an MCI spokesman said.)

The FCC receives thousands of such complaints about different services,

but the best way to find out about quality problems is to ask your neighbor. If you know anyone who has recently switched to another carrier, ask if he or she is happy with the new service. Are the dollar savings worth the loss of quality? Some say yes.

Barbara Leonard of W. Bell, Rockville, MD, said the firm recently switched to US Tel because it was cheaper to some areas. "There are quality problems, but the savings outweigh them," she said. The firm previously used AT&T, MCI and TDX for WATS service. Of the three, she said that AT&T had the best quality and MCI had the worst.

Although poor quality should not be a permanent problem, equal access will not happen overnight. Nor do customers have the same rights now that deregulation is in effect. Contracts between users have replaced federal regulations so it is important, now more than ever, to read the fine print before entering into any agreements with long distance carriers.

ple for outside training, notably the Dale Carnegie training program, which runs 12 weeks, Gill said.

\$54 gets results

Promotions, too, play an important role for AmeriCom. One particular winner, Gill said, was a recent referral program. AmeriCom sent letters and \$54 in Monopoly money to customers in April. The idea was for the customer to return the card with as many names as he could think of for potential customers. For every referral that panned out, the referer received \$54 in cash, air time or in the form of a donation to his favorite charity.

"Everything we do is people-oriented," Gill commented. "There's even a President's Club which is very incentive-driven."

New staff learns how to sell phones through role-playing

(Continued from page 52)

"general business." The company sells pagers in addition to cellular phones by Mitsubishi, GE, AT&T, NEC and AudioTel.

A thorough sales training program helps the sales force of 17—including Gill and his partner, Jim Lindsey—tailor its presentations to these varied groups.

When the company first started, salespeople attended a two-day in-house sales seminar that covered the history of cellular and product training. The force also spent a day with the administrative manager and one day

in the field with an account manager.

Gill spent time with his staff in role-playing situations. The sales force tried to sell a customer—Gill—a phone. In this way the salespeople got experienced in real-life situations—handling objections and closing a sale. Afterwards, Gill critiqued each performance.

Regular meetings now keep the salespeople on their respective toes. The staff meets for 90 minutes each Monday morning and for a longer period of time one Saturday of each month for more in-depth training. AmeriCom also reimburses salespeo-

Phone Land hires artist for print ads

(Continued from page 52)

Holtmeier recalled, "Fortunately, we were paid for the job upon completion."

Phone Land has two locations in Cincinnati. The main store is in Fountain Square Plaza, and the branch store was recently moved to the Tri-County mall. "This is considered the largest mall in the city," Holtmeier noted.

The main store is 1,124 sq. ft., and the branch location is 1,000 sq. ft.

Residential phone equipment comprises 70 percent of total volume. Business systems and equipment generate the remainder of sales, and are advertised separately.

Business systems are pictured in newspaper ads with prices. "Lease to own is also an option for customers, but only one percent opt for it," Holtmeier noted.

"Canned ads" are never used by the firm. "I have an artist who does all the art work for our newspaper ads," Holtmeier noted. The firm advertises on Sundays and Wednesdays.

Residential equipment is promoted via newspaper and radio ads. The firm's advertising agency created an original jingle for the store. Often, Holtmeier hears a customer humming the tune when he is walking down the street.

Phone Land stocks phones for \$40 and above. "We have never carried a 'throwaway' model," Holtmeier explained. "People are starting to realize that a phone shouldn't be purchased at a grocery store or a similar outlet."

To enhance the quality image which the firm strives to maintain, Phone Land even carries a \$1,600 Erikson phone, which is displayed in a glass case on the counter.

Store trains new Smarhome owners

(Continued from page 52)

sonal computers from dealers, paying full retail. Spencer bought the computers for Lancashire from Computerique in Tarzana, CA.

"There's a good reason we're buying them at retail," he said. "My company is limited in terms of service. I buy them at retail so I can get the warranty and the store will service the equipment for our customers."

In addition, "after the house is sold and we know where the people are going to move in, the salesperson will spend some time with them, demonstrating the system and teaching them how it operates. That's part of the price of the home."

A similar arrangement has been set up for buyers of Apple Pointe, a 44-unit development of single family homes which just premiered. Here, the Apple IIc and Smarhome are a standard feature; the cost is incorporated into the mortgage.

The systems for Apple Pointe were purchased by the developer from Computer Connexion, City of Industry, CA. "The store has put together a training program for the home buyers," explained Ken Weller, president, The Weller Group, Monrovia, CA.

The new owners visit the store at their convenience "and an instructor

shows them how the system works. After the initial training session, the store will provide service and consultation at no extra cost," Weller said.

Like the Lancashire units, the Apple Pointe homes come with a basic unit, and homeowners can add whatever software and peripherals

they wish. "It's like an expandable appliance," Weller commented.

"We're talking about something that has a great deal of utility," Spencer elaborated. "Right now, this is pretty much of a test market. In six months, however, this will blossom across the country. There's no question half of all new homes will come with systems by 1990."

It's cost-effective to sell by phone

(Continued from page 55)

ed computer services.

• "We shouldn't pay that much commission to telephone salespeople." Selling over the phone should result in a cost-to-sales relationship that is comparable to—or even better than—alternative ways of getting extra volume such as a new store location.

• "You can't demonstrate our product over the phone." Many products do not need to be demonstrated. For those that do, telemarketing can be used in conjunction with your outside sales team.

• "How can you entertain a client over the phone?" Just think of savings involved if you could make the sale over the phone without the entertainment. But if you still feel that some gratuity is necessary, why not send

the client tickets to a ballgame?

• "You can't close a sale over the phone." In many cases it is easier to get a commitment over the phone than it is in person. A properly trained and experienced telemarketing person can actually produce more sales than a direct salesperson simply because he or she can make more contacts.

• "Nothing can replace that good old-fashioned handshake." In today's busy world a friendly greeting over the phone will go just as far as the handshake.

To evaluate your telemarketing department, track the performance as you would that of your outside sales team. Keep track of the number of calls made vs. leads received; sales or leads developed; dollar volume of sales produced; profitability of sales; cost per lead and cost per sale, and number of contracts per hour or per day. The effort you put into the program will determine the results you get.

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDDOOLS RETAILERS, WHOLESALERS AND DISTRIBUTORS

ELECTRONICS

Montgomery Ward ready to strike in assault on electronics market

By *Regina Eisman, assistant editor*
ANNAPOLIS, MD—Montgomery Ward is getting serious about selling consumer electronics.

Names like Zenith, Magnavox, GE and Quasar now can be found mixed in among the traditional Montgomery Ward brand products. And the selection has been expanded, with everything from projection TV's to calculators represented.

Customers now find in-store demonstrations, well-trained sales clerks and product service. And an aggressive ad campaign reminds them that "Things are changing at Montgomery Ward."

It's all part of the chain's new focus that has included redesigning some of its units around the "store within a store" concept now being tested in a number of prototypes.

"There's no question that we've gotten more like a specialty store," said Victor Sholis, national merchandise manager for electronics, who was interviewed at the chain's Chicago headquarters.

"Our strategy is to carry a broad assortment of exciting, leading national brands, along with a powerful assortment of private label goods," he said. "We also have strong advertising, competitive pricing and an exciting environment—it's a long step ahead of

where we were a few years ago."

All of these changes came about when Montgomery Ward research showed that consumers spend more of their time and money in specialty stores. The company began to open test stores, redesigned versions of some of the most successful

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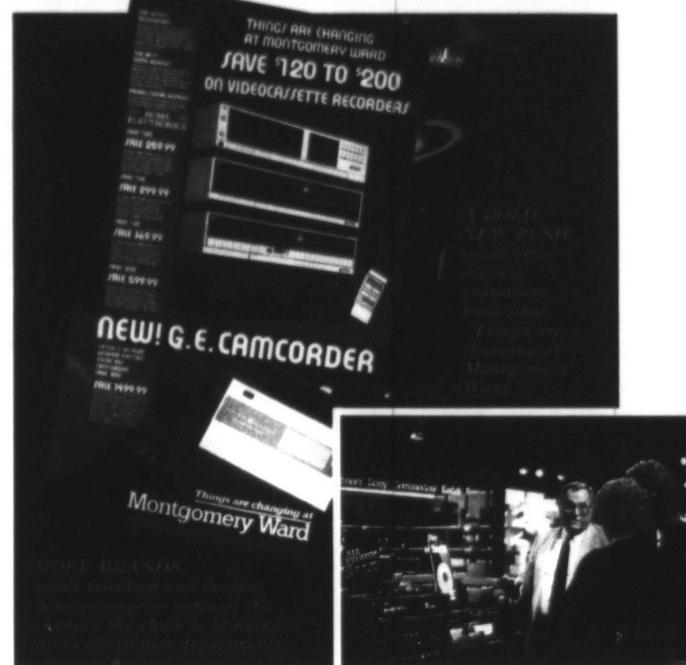
HOUSEWARES

B&D, Sunbeam battle stimulates growth across housewares biz

By *Regina Eisman, assistant editor*

CHICAGO—At last spring's Housewares Show, the two superpowers of the industry—Black & Decker and Sunbeam—squared off against each other in a battle for market domination. Now, just one show later, it looks like the winner is—everybody.

Most manufacturers report that the competition between the two companies actually has helped the industry as a whole. Product development has reached a level unmatched in years. Inflated advertising budgets have made consumers



more aware of housewares in general. And it looks like the trend is going to continue.

Last month in Chicago, both Sunbeam and B&D talked about record-breaking fourth-quarter ad campaigns that should keep sales soaring through the holidays. And a gentleman's disagreement about which brand has the greatest recognition should keep each company revved up well into the new year.

According to Kenneth Homa, vice president of marketing for the U.S. Household Products Group, B&D is spending \$20 million in the fourth

continued on page 48

OPERATIONS

Energy audits may help you cut utility costs by 15 to 25 percent

By *Nancy Lang, operations editor*

ATLANTA—Pulling the plug on electricity use is hard to do when you're selling consumer electronics or appliances, but how much can you really shave off your monthly utility bill?

Some experts claim that a 15 to 25 percent cost reduction is achievable. Moreover, help may be on the way next year that could make this goal a reality.

In order to shed some new light on your electric bill, *Merchandising* interviewed utility companies, a leading utility audit firm and a vice president of a major department store chain.

The latter party, Tony Bartow of Rich's Dept. Store, recently reviewed his program at a National Retail Merchants Association conference. Last year, Rich's clobbered utility

continued on page 55

- | | | |
|--|--------------------|------------------------------|
| 1 VCR's | 1 Refrigerators | 1 Full-Sized Vacuum Cleaners |
| 2 Color TVs | 2 Clothes Washers | 2 Hand-Held Vacuum Cleaners |
| 3 Home Stereo Equipment | 3 Microwave Ovens | 3 Microwave Cookware |
| 4 Satellite Earth Stations | 4 Clothes Dryers | 4 Gas Grills |
| 5 Video Cameras (including Camcorders) | 5 Air Conditioners | 4-5 Standard Size Irons |

CRYSTAL BALLING '86, retailers reveal where they are pinning their hopes for sales and profits. See page 13 for details.

APPLIANCES

Surprise! Soon you may have new distributors

By *Nancy Markov, field editor*

GRAND RAPIDS, MI—Retailers of specialty high-priced appliances may well wonder what's been going on at the independent distributor level in recent years.

Where once each distributor's lines were pretty well set, today the deck is being reshuffled with increasing frequency.

As a result, retailers may find themselves working with fewer distributors that are covering larger territories and handling more lines. They may also find themselves working with several different divisions, perhaps even distinctly different operations, all part of the same distributor.

At the same time, the retailers

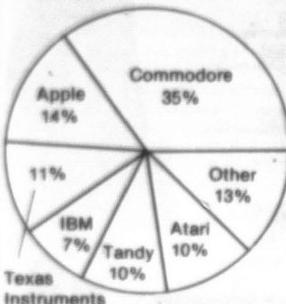
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New in this issue:
Market Data Hotline
Facts and figures
that you need,
on page 9

MARKET DATA HOTLINE

Home computer penetration hits 10%

Home computer penetration by brand



Figures courtesy of LINK Resources

Oct. VCR sales top 1 million units, says the EIA/CEG

WASHINGTON, DC—October was a "solid" month, according to the Electronic Industries Association's Consumer Electronics Group. VCR sales topped one million units, a 44.7 percent gain from October of last year.

A total of 1,041,929 VCR's were shipped in October. This brings the January to October tally this year to 8,558,981—an increase of 55.1 percent from the same period last year.

Projection TV's also did very well, jumping 32.6 percent to a total of about 26,000 units shipped during October 1985. Sales of projection systems are almost 29 percent ahead of the same period last year.

October saw some 1.89 million televisions shipped, a 1.2 percent gain over last October, but an overall decline of 3.4 percent for the same period last year.

About 1.56 color units were shipped in October, bringing the total for the year to 13.7 million units, a 3.8 percent increase over the same period last year.

Shipments of monochrome units plummeted 33.5 percent this October vs. last year, with only 330,872 units shipped. Overall, the category has slipped 27.3 percent this year, vs. the same period last year.

Video camera sales declined in October by 38 percent. Not including camcorders, year-to-date sales are running 11 percent behind last year's levels.

NEW YORK—Household penetration of home computers rose by three percentage points to the 10 percent level this year.

According to LINK Resources, a New York-based research and consulting firm, penetration is greatest in New England, where PC's can be found in 12.8 percent of the homes. The Pacific region checks in with 11 percent, the East North Central region at 10.8 percent and remaining areas at below the U.S. average of 9.8 percent.

A brand popularity poll showed Commodore leading the pack with 35 percent. Apple follows with 14 percent. Texas Instruments, which withdrew from the home PC market in 1983, fell from about 25 percent last year to 11 percent. IBM rose to seven percent, Atari remains at 10 percent, and Tandy's share fell from 13 percent to 10 percent.

In other findings, the survey showed that: 10 percent of PC owners planned to purchase a new machine in 1985; 40 percent of

owners use their computers every day, with sessions averaging about two hours, and new buyers spent an average of \$808, or 20 percent more than the previous year.

Also, of those families with a home computer, some 13 percent own more than one.

What's the cause for the growth in dual ownership? Some reasons given include the use of the machines by more than one family member, as well as advances in computer technology that lead to consumers buying a new model to replace one that they might have outgrown since it was purchased.

Car
sale
\$50

NEW Y
camcorde
the end of
Stephen S
president
Consumer
"VCR"
of the fast



ACTION FORECAST '86

VCR's, refrigerators, vacs top the polls as retailers' most popular products for '86

By Maureen Haefner,
market data editor
NEW YORK—Although the final results from 1985 are not

even in yet, many retailers are already busy planning for the year to come. And it's at times like this that a crystal ball would

come in mighty handy.

What, we might ask, are going to be the most popular products of 1986?

What kind of sales increases are they going to generate?

And which products are going to pack the most potential in terms of profits?

Lacking a crystal ball ourselves, we at *Merchandising* turned to our next best source of information—you, the retailer. We asked you to look ahead, into the new year, and answer the questions listed above. We then

tabulated the results to produce *Action Forecast '86*.

It's important to remember when looking at the tables on this and the next page that the first chart in each category is really a type of popularity contest. Retailers simply listed the products they expect to generate the greatest increase in dollar volume next year.

The second chart shows the amount of increase the dealers who actually carry the products expect over this year's results.

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Consumer Electronics

Consumer electronics products expected to generate the greatest increase in dollar volume in 1986 (Based on 89 replies)

	Percent of respondents listing product in Top 5
1. Videocassette recorders	82.0%
2. Color TV's	60.7
3. Home Stereo Equipment	33.7
4. Satellite Earth Stations	25.8
5. Video Cameras	23.6
6. Projection TV's	15.7
7. Telephones	12.4
8. Blank Videocassettes	11.2
9. Car Stereos	9.0
10. Portable Audio Equipment	6.7
11. Computers	5.6
12-16. Computer Software	2.2
12-16. Computer Peripherals	2.2
12-16. Prerecorded Videocassettes	2.2
12-16. Phone Answering Devices	2.2
12-16. Blank Audiotapes	2.2
17. Electronic Typewriters	1.1

*Respondents were mainly specialty stores located in outlying areas.

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 50 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs. '84
1. Satellite Earth Stations	43.7%	23.0%
2. Home Stereo Equipment	43.3	28.9
3-4. Videocassette Recorders	36.1	42.2
3-4. Video Cameras	36.1	31.7
5. Projection TV's	25.0	23.6
6. Telephones	23.7	27.8
7. Portable Audio Equipment	21.3	11.7
8. Blank Videocassettes	19.3	20.3
9. Color TV's	12.8	10.9
10. Car Stereos	11.0	4.4

Consumer electronics products expected to generate the greatest dollar profit in 1986 (Based on 91 replies)

	Percent of respondents listing product
1. Color TV's	49.5%
2. Videocassette Recorders	19.8
3. Home Stereo Equipment	15.4
4. Satellite Earth Stations	12.1
5-6. Phone Answering Devices	3.3
5-6. Car Stereos	3.3
7-10. Telephones	2.2
7-10. Projection TV's	2.2
7-10. Portable Audio Equipment	2.2
7-10. Prerecorded Videocassettes	2.2
11-12. Video Cameras	1.1
11-12. Blank Audiotapes	1.1

Expected increase in total consumer electronics dollar sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 66 replies)

Average increase expected 1986 vs. 1985	18.0%
Average increase expected 1985 vs. 1984	16.8%



Major Appliances

Major appliances expected to generate the greatest increase in dollar volume in 1986 (Based on 103 replies)

	Percent of respondents listing product in Top 3
1. Refrigerators	67.0%
2. Clothes Washers	60.2
3. Microwave Ovens (countertop)	54.4
4. Clothes Dryers	39.8
5. Air Conditioners	17.5
6. Electric Ranges	16.5
7. Gas Ranges	14.6
8. Dishwashers	12.6
9. Freezers	7.8

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 53 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs. '84
1. Air Conditioners	31.4%	12.6%
2. Freezers	26.9	21.9
3. Gas Ranges	23.1	25.4
4. Microwave Ovens	21.3	22.2
5. Electric Ranges	16.8	17.8
6. Refrigerators	15.9	14.0
7. Dishwashers	15.7	18.3
8. Clothes Washers	14.9	10.3
9. Clothes Dryers	14.4	5.8

Major appliances expected to generate the greatest dollar profit in 1986 (Based on 94 replies)

	Percent of respondents listing product
1. Refrigerators	39.4%
2. Clothes Washers	30.9
3. Clothes Dryers	23.4
4-5. Microwave Ovens	14.9
4-5. Gas Ranges	14.9
6. Electric Ranges	10.6
7. Dishwashers	8.5
8. Air Conditioners	4.3
9. Freezers	2.1

Expected increase in total major appliance sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 89 replies)

Average increase expected 1986 vs. 1985	13.4%
Average increase expected 1985 vs. 1984	9.3%

ACTION FORECAST '86

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The third illustrates which products should be the real bread-winners in terms of profitability.

VCR's take honors

In electronics, the VCR once again won the popularity contest hands down, coming in far ahead of every other product. The average retailer said he expects the VCR to generate a 36.1 percent increase in sales next year. That is, however, down a bit from the 42.2 percent jump expected for full-year 1985.

Although it came in second in the popularity poll, the color TV is expected to be the most profitable product in consumer electronics by a long shot.

Next on the popularity chart comes home stereo equipment, being driven largely by the phenomenally successful compact disc player. The category also came in third in the dealer's profitability expectations.

Number four with a bullet in the popularity poll is the satellite earth station. Retailers expect it will show a 43.7 percent increase in dollar volume next year on top of a 23 percent jump for 1985. And the profits should be there as well: The product came in fourth on that chart.

Microwaves level off

In major appliances, the refrigerator holds the number one position in the popularity poll. It also rated tops as the expected profit producer.

Number two on the popularity poll is the washing machine which also holds the number two position on the profitability chart.

Coming in number three in the popularity poll is the microwave oven, one-notch slip from last year's poll. (*Although it's impossible to compare last year's Action Forecast with this year's because different retailers were polled for each, the results can be used to get a picture of overall trends.*)

The microwave, it would seem, is reaching the point in its life where it can no longer be counted on to produce huge growth rates year after year.

Nevertheless, the retailers said, they expect the category to turn in 21.3 percent increase in sales compared with 22.2 percent for full-year 1985.

Housewares see stability

Topping the popularity chart in housewares is the full-sized vacuum cleaner. It's also expected to be the most profitable product of the year.

Close on its heels is its little brother, the hand-held vac, which also came in second in terms of expected profitability.

Third on the profitability chart is microwave cookware. Like the microwave oven, it too is not as popular as it was last year among retailers, although it still came in third on the profitability chart.

Also tied for fourth place in popularity is the full-sized iron.

How we did it

Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and research associate Pat Jagbandhsingh.

Data was gathered from two groups of retailers: one selling consumer electronics and major appliances and one selling housewares.

On the consumer electronics and major appliances side, 64.2 percent of the retailers polled described themselves as household appliance stores. Some 25.4 percent said they were radio/TV stores, 9.8 percent were video specialty stores, 8.7 percent were housewares/hardware stores, 7.5 percent were audio hifi specialty stores with the remainder of the group comprised of department stores, home furnishings retailers, home centers, discount stores and catalog showrooms. Together, these retailers represented a total of 962 outlets.

Most of the stores, 80.9 percent, were single-unit companies, with the remaining 19.1 percent representing units of chain operations. Expected sales volume for 1985 hit a median of \$477,273.

Of the 195 housewares retailers polled, 53.9 percent said they were housewares/hardware stores, 20.5 percent were appliance/TV stores, 12.3 were department stores, 5.6 percent were discount stores, 4.1 percent were home and auto stores, 2.1 percent were furniture stores and 1.5 percent were home centers. They represented a total of 1,434 retail outlets.

Again, most of the stores, 85.1 percent, were single-unit companies. The remaining 14.9 percent were multi-unit operations, including a 365-unit retailer, a 350-unit company, a 160-unit company and a 140-unit company. Expected sales volume for the 1985 group hit a median of \$809,210.

In both cases, retailers were polled on a nationwide basis.

Housewares

Housewares products expected to generate the greatest increase in dollar sales in 1986 (Based on 82 replies)

	Percent of respondents listing product in Top 5
1. Full-Sized Vacuum Cleaners	34.1%
2. Hand-Held Vacuum Cleaners	32.9%
3. Microwave Cookware	30.5%
4-5. Gas Grills	25.6%
4-5. Standard Size Irons	25.6%
6-7. Ceiling Fans	23.2%
6-7. Food Processors	23.2%
8. Drip Coffee Makers	20.7%
9. Fans (except ceiling)	19.5%
10. Toaster Oven/Broilers	15.9%
11-12. Oil-Filled Heaters	13.4%
11-12. Ultrasonic Humidifiers	13.4%
13. Clocks	12.2%
14-15. Metal Cookware	11.0%
14-15. Toasters	11.0%
16-17. Mixers	6.1%
16-17. Digital Scales	6.1%
18. Timers	4.9%
19-21. Blood Pressure Monitors	3.7%
19-21. Blenders	3.7%
19-21. Hair Dryers	3.7%
22-24. Digital Thermometers	2.4%
22-24. Curling Irons	2.4%
22-24. Woks	2.4%
25. Shavers	1.2%

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 47 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs. '84
1. Ceiling Fans	30.8%	18.0%
2. Food Processors	29.3%	30.9%
3. Clocks	21.3%	22.0%
4. Microwave Cookware	20.0%	13.4%
5. Ultrasonic Humidifiers	18.7%	26.4%
6. Hand-Held Vacuums	17.5%	11.1%
7. Fans (except ceiling)	16.4%	-0.9%
8. Full-Sized Vacuums	16.1%	9.0%
9. Gas Grills	14.0%	11.3%
10. Oil-Filled Heaters	13.3%	10.3%

Housewares products expected to generate the greatest dollar profit in 1986 (Based on 93 replies)

	Percent of respondents listing product
1. Full-Sized Vacuum Cleaners	26.9%
2. Hand-Held Vacuum Cleaners	24.7%
3. Microwave Cookware	10.8%
4. Fans (except ceiling)	9.7%
5-6. Gas Grills	8.6%
5-6. Clocks	8.6%
7. Metal Cookware/Bakeware	7.5%
8-9. Standard Size Irons	6.5%
8-9. Drip Coffee Makers	6.5%
10. Oil-Filled Heaters	5.4%
11. Ceiling Fans	4.3%
12. Ultrasonic Humidifiers	3.2%
13-15. Toasters	2.2%
13-15. Shavers	2.2%
13-15. Curling Irons	2.2%
16-19. Food Processors	1.1%
16-19. Toaster Oven/Broilers	1.1%
16-19. Timers	1.1%
16-19. Hair Dryers	1.1%

Expected increase in total housewares products dollar sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 88 replies)

Average increase expected 1986 vs. 1985	9.1%
Average increase 1985 vs. 1984	6.4%

CES adds exhibit space, seminar topics and a film

By Regina Eiseman, assistant editor

LAS VEGAS—The 100,000 attendees expected at the 1986 International Winter Consumer Electronics Show will notice the expansion of several exhibit areas to accommodate growing product categories, the addition of new topics for the CES Mini-Workshops and the debut of a film on the electronics industry.

The show, sponsored by the Electronic Industries Association/Consumer Electronics Group (EIA/CEG) is the 33rd CES and the 14th winter show.

About 1,350 exhibitors will occupy 750,000 sq. ft. of space in the Las Vegas Convention Center, the Hilton Hotel and the Sahara Hotel, from Thursday, Jan. 9 through Sunday, Jan. 12.

One major shift in exhibit space will be the placement of specialty audio in a new, self-contained, bi-level complex of 150 rooms in the Sahara Hotel, near the Convention Center.

Video software companies—a number of which are coming back to the CES after an absence of several shows—will occupy the entire Sahara Exhibit Hall and East Hall.

The growth of the cellular telephone industry has prompted the car audio exhibits, usually placed in North Hall, to be moved to South Hall and the Hilton Hotel, which is adjacent to the Convention Center.

In addition, satellite earth stations will take both indoor and outdoor space in West Hall, while electronic photographic equipment—including video cameras—will take more space in East Hall and the Hilton.

Telephones will occupy the entire Hilton Center, while computer hardware and software will remain in East Hall and West Hall. The increased number of audio and video exhibitors will be housed in East Hall, West Hall, the Hilton and the Rotunda.



SPECIALTY AUDIO will be found at the Winter CES in a new, self-contained bilevel complex of 150 rooms in the Sahara Hotel, near the Convention Center.

Over 40 hours of conferences, workshops and mini-workshops are scheduled throughout the show. New topics being introduced include: Interconnecting Electronics Components; Audio Royalty Taxes: The Battle Continues; Home Security: A Safe Investment; Gazing Into the Future, and Stepping Up for Profits, a mini-workshop on high-end opportunities moderated by *Merchandising* editor and associate publisher Lee Rath.

Additional workshops include: Blank Tape: New Marketing Strat-

egies; Car Audio: Keeping the Aftermarket Viable at Retail; Adult Video: The Impact of Restrictive Legislation, and Video Accessories: Squeezing Extra Dollars From Video Hardware Sales.

Issues and Answers conferences, featuring panels of manufacturers and retailers, will focus on each of the four product categories—audio, video, computers and telephones.

Feature film debuts

Premiering at the show is *Parade*, a 30-minute EIA/CEG-sponsored feature film. The film, which will be screened prior to each Issues and Answers conference, showcases over 100 electronics products, woven into a plot and set to an original score. "The reason we chose this method of displaying our products," said group vice president Tom Friel, "is that it permits us to demonstrate the benefits to consumers through their use, application and interaction. We feel this movie conveys not only how practical our products are, but how they can entertain, inform and educate."

The film features former cast members from the Broadway show *Nine*, as well as from soap operas such as *All My Children* and *Search for Tomorrow*.

In addition to these new components, the traditional CES services will continue. The Sixth Annual Advertising and Promotion showcase will feature print, radio and TV ads; p-o-p materials, and vendors' promo materials.

The International Visitors Center provides interpreters and serves as a meeting place for guests from abroad, while International Comput-A-Match enables international buyers, distributors and retailers to identify each other.

The Electronic Message Center and Directory, which debuted at the 1985 Summer CES, allows attendees to receive and send messages on computer terminals.

Show hours for the Las Vegas Convention Center and the Hilton will be: Thurs., Jan. 9, 10 a.m. to 6 p.m.; Fri., Jan. 10 and Sat., Jan. 11, 9 a.m. to 6 p.m., and Sun., Jan. 12, 9 a.m. to 4 p.m. At the Sahara, hours are Thurs., Jan. 9, Fri., Jan. 10 and Sat., Jan. 11, 11 a.m. to 8 p.m., and Sun., Jan. 12, 9 a.m. to 4 p.m.

Electronics products shine at furniture market

By Marilyn Nason, contrib. ed.

HIGH POINT, NC—Hundreds of the more than 1,500 exhibitors at the recent Southern Furniture Market have added high-end electronics-related furniture to their lines.

While last July's show witnessed the growth of this specialized area into a strong category for many manufacturers, the October market firmly established the furniture industry's commitment to consum-

er electronics.

The support was further backed up by retailers. Citing a good economy and lower interest rates, they expressed unguarded optimism concerning projected sales of electronics-related furniture over the next six months, and reportedly backed up their enthusiasm with hefty orders.

Many of the entertainment and electronic pieces introduced at the

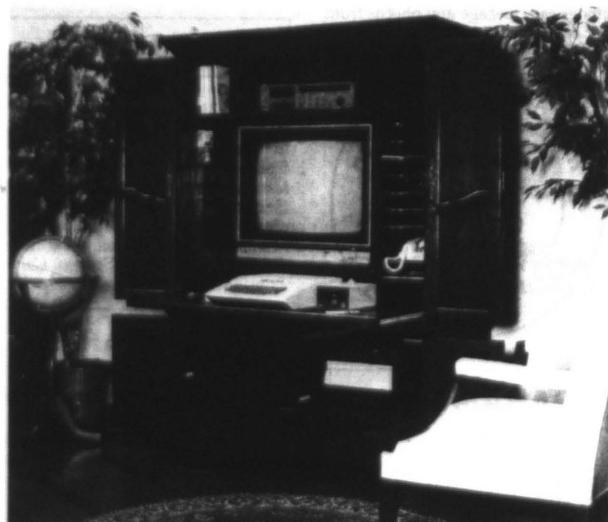
show were free-standing units—designed to match existing furniture collections. One noticeable trend was the use of armoires to house entertainment equipment and computers. According to the manufacturers, armoires offer interesting architectural highlights in any room, while providing optimum space to customize to equipment needs.

A wide range of prices, finishes and styles further confirm that electronics-related furniture has become an accepted part of the total home furnishings industry. For example, price points ranged from low promotional and KD to elegant offerings in the high four-figures. Finishes covered the gamut from hi-tech plastics and metals to wood veneers and a variety of rich, solid woods. Styles included contemporary, country, Oriental and traditional. Among the companies exhibiting at High Point:

Sligh Furniture, Holland, MI, introduced electronic and home entertainment centers as part of the Executive Suite Collection of office and residential furniture.

Included are a cherry home computer center, an oak entertainment center in horizontal and vertical versions, a mahogany executive center with a motorized credenza and a hybrid version of the executive center and home computer center. The suggested retail for these pieces ranges from \$2,000 to \$3,000.

For the professional or executive
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THE USE OF ARMOIRES to house entertainment equipment and computers was a noticeable trend at the Southern Furniture Market. This piece is a computer/home entertainment cabinet from Creative Cabinets.

Personal Electronics AND HOME COMPUTERS

Now they're cooking: Recipes boost the pc's usability

By Maureen Haefner, asst. ed.

OAKLAND, CA—The way to a home computer owner's heart is through his stomach. Or so a number of software manufacturers believe.

Companies like Pinpoint Publishing (Oakland, CA), At-Your-Service Software (New York), Le Com Enterprises (Winfield, IL) and Broderbund Software (San Rafael, CA) have cooked up computer programs to make life in the kitchen a little easier for cooks, and to give pc owners a reason to use their machines regularly.

Features such as automatic shopping lists, customized recipes and microwave/conventional oven recipe conversion have whetted the appetite of the main body of end users: working professionals.

Despite the fact that companies publishing the disks have done little or no advertising recently, sales have continued to grow steadily. Pinpoint Publishing's Micro Cookbook, which is in its eighth edition in its third year of marketing, has experienced a doubling in sales this year, and ships more than 5,000 units per month, according to Greg Hastings, vice president of sales and marketing for the firm.

Christine Leja, executive partner at Le Com Enterprises, publishers of four different software packages, said her company has been meeting its sales targets all along, with a growth rate of about two percent.

And sales are picking up for At-Your-Service Software, said Matthew Starobin, vice president of marketing for the company that publishes the Recipe Writer. He explained: "There was a lot of cynicism to the whole market. If our product were just a file manager, there wouldn't be that much demand. You can do file managing

with a word processor."

"We wanted software that would do something a little special. And this does, even if the user only really cooks once a week."

Feeding Yuppies

The users with a real appetite for this type of software are mainly Yuppies, suppliers said. "The majority of users are business professionals," Pinpoint's Hastings noted. "They're middle executives, doctors, lawyers. Thirty-five percent of the users are men."

He continued, "The auto shopping list feature saves them time. Twenty percent of our customers use this feature at the office to prepare shopping lists or office meals." The software also features a reference section for ingredient substitutions, nutrition information and English to metric conversion.

Le Com Enterprises' Smartcook series converts recipes for conventional and microwave cooking. Leja said, "Microwave/conventional conversion is still a unique feature. With microwave penetration in the U.S. at nearly 50 percent (*Merchandising's* 1985 Consumer Survey places the figure at 48 percent), families with two working partners lean toward microwaves."

"The program is meant for the non-sophisticated computer user," she continued, and would give computer owners, especially women, a reason to use their pc's.

Leja explained how Smartcook can help overcome the "computer fear" that plagues many women. Le Com exhibited at a computer fair earlier this year. "One woman's husband was toying around with the program while she watched. Sales manager John Sygielski asked the woman to give the program a try since she would probably be the one to use it the majority of the time."

"The woman complained that she didn't know anything about computers and couldn't even type, but sat down anyway," she said. "After fooling around with the program for a few minutes she said to her husband, 'OK, you can buy a computer now.'"

"We're trying to stress that you don't have to have a BS degree in psychology to use this program," Leja said.

Cooking professionals, too, have put available cooking programs to good use. "About 30 percent of our Recipe Writer sales are to professionals," At-Your-Service's Staro-

bin reported. The Recipe Writer is a home record management system for IBM pc's and compatibles and the Apple II family. The upcoming professional version will have customizable cross-referencing.

The remainder of sales, Starobin said, are "to anyone who likes to cook, although not for people who devise six different tuna casseroles every week. But the program's even useful to someone who only cooks once a week, such as a hostess planning her menu Saturday morning. She finds out from

the computer what ingredients she needs, goes shopping, then prepares the meal for three couples Saturday night."

With the Recipe Writer, cooks can also call out a food, such as raspberries, and the program will list what recipes can be made from such a product.

A notepad function keeps notes for users on a separate file. For example, "you could make notations for yeast, wine and what Uncle Joe's metabolism will not tolerate."

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COOKING SOFTWARE SELLS to anyone who likes to dabble in the kitchen, vendors say. The Recipe Writer offers users features like a notepad function.



STORE EMPLOYEES CALL potential Chatterbox customers to ask what kinds of phones they need. Often, people purchase the very phone on which the call was made that brought them into the store.

Dealer uses his phone products as marketing tools to hike sales

By Irene Clepper, contrib. ed.

GREAT BRIDGE, VA—Phone retailers often overlook one of the most obvious promotional tools—the telephone itself, according to Larry Rhoton, owner of Chatterbox and its corporate entity, Unlimited Telephone Service.

Three years ago when Rhoton opened his store with only 27 phones in stock, he spent many customer-free hours going through the phone book page by page and calling people. Today, store employees still keep up this practice.

People who are phoned by the store are asked, "Do you have all the phones that you need? This is Chatterbox in Great Bridge, and we will send you a phone, install or repair a phone, all at a price better than anyone else. We also offer

warranties."

In the end, customers often purchase the attractive phones on which the calls were made.

The store now generates \$28,000 in annual sales volume. Rhoton's wife, Cathy, has added giftware to the merchandise mix, and sales in that category are about level with phone volume.

Began with \$2,000

When Rhoton opened his store three years ago, he had only \$2,000 to start the business. "All I could afford was 27 phones," he recalled. "A friend painted a sign for the window that said, 'Phone Doctor' and I was set."

Business was slow at first, but *continued on page 34*

PERSONAL ELECTRONICS

EDUCATION

ALGEBRA WITHOUT ANXIETY 2, Algebra Without Anxiety. Available now for Apple IIc and IIe systems. Suggested retail price is \$80 for each volume; \$175 for the set.

COLOR ME: THE COMPUTER COLORING KIT, Mindscape. Available now for use with Apple IIc and 128K Apple IIe. Suggested retail price is \$29.95.

CREATE WITH GARFIELD!, DLM Teaching Resources. Compatible with Apple and Commodore systems. Available now. Suggested retail price is \$29.95.

ERNIE'S BIG SPLASH, CBS Software. Available now for use with Commodore 64 and 128 computers. Suggested retail price is \$14.95.

FOR YOUR NEXT ADVENTURE, Sunburst Communications. Compatible with 48K version of the Apple II series. Available now. Suggested retail price is \$59.

GROVER'S ANIMAL ADVENTURES, CBS Software. Compatible with Commodore 64 and 128 systems. Available now. Suggested retail price is \$14.95.

HODGE PODGE, Artworx. Compatible with Atari, Apple and Commodore 64 systems. Available now. Suggested retail price is \$19.95.

KIDWRITER, Gessler Educational Software. Compatible with Apple II+ / IIe / IIc and Commodore systems. Available now in French, Spanish and German. Suggested retail is \$37.95.

MATH ASSISTANT I AND II, Scholastic Software. Compatible with Apple II series. Available now.

Suggested retail price for each program package is \$99.95; combined set retails for \$162.45.

REPORTWORKS, Megahaus Corp. Compatible with Apple II series. Available now. Suggested retail price is \$125.

GAMES

AMAZON, Telarium Corp. Available now for Apple Macintosh system. Suggested retail price is \$44.95 on the Apple Macintosh; \$39.95 on the Apple II series and IBM PC/PCjr; and \$32.95 on the Commodore 64 and 128.



BALANCE OF POWER, Mindscape. Available now for Macintosh system. Suggested retail price is \$49.95.

BINGO BUGGLEBEE PRESENTS: HOME ALONE, Quest Learning Systems. Available now for Commodore 64/128 and Apple II systems. Suggested retail price is \$19.95.

BINGO BUGGLEBEE PRESENTS: OUTDOOR SAFETY, Quest Learning Systems. Compatible with Commodore 64/128 and Apple II systems. Available now. Suggested retail price is \$19.95.

THE DOLPHIN'S RUNE, Mindscape. Available now for Commodore 64/128 systems. Suggested retail price is \$29.95.

DRAGONWORLD, Telarium Corp. Available now for Apple Macintosh system. Suggested retail price is \$44.95 on the Apple Macintosh; \$39.95 on the Apple II series and the IBM PC/PCjr; and \$32.95 on the Commodore 64/128.

FAHRENHEIT 451, Telarium Corp. Available now for Apple Macintosh system. Suggested retail price is \$44.95 for the Apple Macintosh; \$39.95 for the Apple II systems and IBM PCjr; and \$32.95 for the Commodore 64 and 128.

LORDS OF MIDNIGHT, Mindscape. Designed for use with the Commodore 64/128. Available now. Suggested retail price is \$29.95.

PLAQUE FIGHTER, Krell Software. Compatible with Apple and Franklin Microcomputer. Available now. Suggested retail price is \$49.95.

QUAKE MINUS ONE, Mindscape. Available now for Commodore 64/128. Suggested retail price is \$29.95.

SHADOWFIRE, Mindscape. Available now for Commodore 64/128 and Apple II. Suggested retail price is \$29.95 for the disk; \$9.95 for the Game Changer disk.

SPY VS. SPY: THE ISLAND CAPER, First Star Software. Available now for Commodore 64/128, Apple II and Atari. Suggested retail price is \$29.95 for the Commodore and Atari; \$34.95 for the Apple.

SUPER BOWL SUNDAY, The Avalon Hill Game Co. Compatible with Commodore 64/128, the Apple II series and the IBM PC. Available

now. Suggested retail price is \$80.

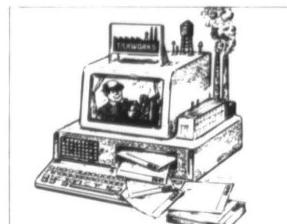
WORLD CHAMPIONSHIP BASEBALL, INTV Corp. Available now for Intellivision. Suggested retail price is \$19.95.

PRODUCTIVITY

DOLLARS AND SENSE, Monogram. Available now in 3½-in. external disk drive for the Apple IIc and 128K Apple IIe. Suggested retail price is \$119.95; current Dollars And Sense users can upgrade to latest version for \$29.95.

MANAGING YOUR MONEY, MECA. Available now in 3½-in. version to run on Apple IIc and IIe. Suggested retail price is \$199.95.

TAXWORKS, Hollingsworth Business Services. Compatible with IBM PC and CPM. Available now. Suggested retail price is \$400; the California program is \$100. A demonstration disk is \$25.



THE WORKS! A COMPLETE COLLECTION OF HOME SOFTWARE, First Star Software. Available for Apple II systems and Commodore 64/128. Suggested retail price is \$49.95.

NEWSLINES: Personal Electronics



Software helps students learn foreign languages

NEW YORK—Epson America unveiled its market strategy as a U.S. printer manufacturer at a press conference here to introduce its two newest printers, the LQ-800 and the LQ-1000. The game plan is comprised of four parts, according to Andy Leonard, vice president of marketing, Epson America. First, the company strives to provide its consumers with a comprehensive line. Secondly, the firm stresses useful and innovative features like near-letter-quality mode. Third on Epson's list is compatibility with all major computer systems. Fourth, the company tries to offer a range of prices.

FAIRFIELD, NJ—John McDonald, president of Casio, Inc., has been elected chairman of the Consumer Electronics Group of the Electronic Industries Association. Prior to his election, McDonald was vice chairman of the CEG. He was elected president of Casio in 1978 after serving as president of Casio Europe and managing director of Casio Electronics Co. Ltd.

NEW YORK—BCI Software has expanded its budget software line with the first of 12 titles in a full line of \$4.99 software. The new line, Software for Everyone, is available to retailers in display pre-packs and includes entertainment, education and business programs for the Commodore 64/128 computers.

NEW YORK—Solving mysteries can help hone foreign language skills, according to Gessler Educational Software, publisher of more than 200 foreign language titles. Snooper Troops, an original Spinnaker title, helps language students develop their German, French or Spanish vocabulary and reasoning skills by taking notes, drawing maps and organizing information.

TORRANCE, CA—Jimmy Breslin and Sidney Sheldon are helping Silver-Reed America introduce its EX30/32/34 line of electronic compact typewriters designed for home and small office use. The machine will be featured this fall and winter in People magazine ads, as well as in newspaper and radio spots in New York City, Chicago, Los Angeles and San Francisco. The popular writers appear in an ad campaign that is entitled One Great Writing Machine Praised Another Great Writing Machine.

PERSONAL ELECTRONICS

Consumer input shapes cookbook software content

continued from page 29
Starobin said.

Market research keeps suppliers on top of what consumers want. At-Your-Service conducts studies of end users. "Someone will call into our office and ask, 'Does the program do this?'" Starobin said. "We'll answer their question and then ask them what they're looking for in cookbook software. We document these responses and they're used for the next version of the product." The next version will sort recipes alphabetically, as one consumer suggested.

Broderbund Software developed its upcoming *Variable Feasts* title by studying what is currently available and by listening to what users had to say, said Patricia Turner, marketing manager for the company.

"We do things we like ourselves in other products," she said. "We have a title for almost everything, and someone to champion its cause. The product manager for the project is a gourmet chef."

Turner estimated an April launch. "We think there's a market for the software. And ours will be a meal-planning tool, available for the Ap-

ple II series, IBM and Commodore computers at \$59.95."

Although the cooking software suppliers have done some sporadic advertising in the past, little or none has been done within the past few months, they said.

However, Le Com did run a successful promotion in October in Milwaukee, WI. The firm asked students at a local school to submit

recipe entries for *Your Ticket to the Kitchen* title, an offering for young cooks. Entrants received a candy prize for taking part. And those whose recipes will be actually used in the spring edition also got a gift certificate and name recognition in the program, Leja said.

Tasting the future

A couple of the suppliers surveyed hinted that they may publish cooking software or titles with "big names in the cookbook world" in the future, but would not divulge any more information. In the meantime, suppliers are planning to

expand through other cooking titles and features, and to continue to sell the programs through a variety of outlets: specialty computer shops, gourmet retailers, bookstores, food catalogs and mail order houses.

And they're keeping an eye on computer technology such as voice synthesis, which would prove a boon to the market. "We have to recommend now that people who use cooking software in general have a printer attached to their home computer," said Starobin. "Otherwise, they'd be rewriting the recipe by hand or running back and forth from the den to the kitchen to prepare meals."

Phone Doctor's remedy: fast, friendly service

continued from page 29

eventually Rhoton sold all the phones—including some additional ones in different colors. "If a customer wanted a phone in a color which I did not stock, I told him that I could get it in an hour," Rhoton said.

Rhoton would then hang a sign on the door which said "out to lunch" and drive to the wholesaler's. Often, the wholesaler as well as his suppliers would extend credit and give him merchandise on consignment.

In 1983, the Rhotons moved the

store to its present location, which has triple the amount of space as the original Phone Doctor store.

Rhoton also works with 50 builders and does wiring for everything from burglar alarms to intercoms. "I do this from 7 a.m. to 9 a.m. before I open the store," Rhoton noted.

Chatterbox also offers phone repair service. Rhoton has three trucks on the road for phone installation and repair.

"In the early days, when business wasn't exactly booming, I would clean thoroughly every phone

which was brought in for repair," Rhoton noted. "This was such a popular service that we continued with it."

In addition, the store strives to treat each customer as an individual. "We will even explain equipment which has been purchased elsewhere if the customer doesn't understand how it works," Rhoton said. "Or if a customer has lost his instruction book for an item such as the Demon Dialer, we will go through the operation of the product with him step by step. Hopefully, he'll come to us to buy next time."

Weak dollar may cause stronger market share for Koreans; reaction mixed from U.S. firms

continued from page 16

rise in the coming months, Lou Slangen, vice president of marketing, audio/video equipment for Magnavox said. "Well, nothing's really impossible. But in all likelihood, the possibilities are slim and I don't see it happening. Whatever the pressures upward, there'll always be someone who'll cut."

"A more stable marketplace will, however, make it easier to introduce new features on our '86 models," he added. "When prices drop like they've been over the past months, it's difficult to position new models with added features because there's no way to establish their value."

Prices may hold

There will probably be a firming on prices through the end of the year, something that had already begun to happen even before the recent efforts by the economic community, according to Steve Isaacson, national sales manager at JVC. "Stronger demand had already helped slow most of the price erosion," he said. "The current yen/dollar situation gives both retailers and manufacturers time to reflect on the fact that you can't continue to fuel this business by lowering prices."

Isaacson said stable prices will make it easier for consumers to accept higher prices for VCR's with additional features when they are introduced.

Just as important as pricing is the question of what a stronger yen will mean to other VCR manufacturers, including those from Korea, Hong Kong and Taiwan. These companies, which only recently began shipping VCR's to the U.S. in large numbers, were supposed to have had a price advantage over their Japanese counterparts, a supposition some industry observers blame for recent price declines.

As manufacturers lowered their prices in anticipation of the "Korean invasion," the advantage never materialized. Now, however, possible price increases, or even stabilization, of Japanese-made goods, caused by the stronger yen, may threaten Japan's market share in the U.S.

"They can take all the price rises they want," said Joe Klein, GoldStar's director of marketing, of the Sony announcement. "It's kind of a precipitous increase though, considering the dollar hasn't declined by nearly the same percentage. I think their announcement was only a trial balloon and that they're looking to see how much of an

increase their customers will accept."

Klein says he expects GoldStar's market share, which he currently pegs at five percent, to increase as a result of a stronger yen, although he wouldn't say by how much.

"The dollar/yen situation is different from that of the dollar/Korean won," said Bill Delaney, vice president, sales and marketing, Samsung. (The won is tied to the dollar.) "Nevertheless, I'm not expecting anything major to happen."

As for the announced price increases, "I see them as an attempt to get prices to stabilize," Delaney stated. "And I think the potential is there."

"On my last trip to the Orient," said Michael McCombs, Sampo's national sales manager, "I was told the Japanese planned to hold their prices close on their leader models. My information from Japan also tells me that the dollar will not get much weaker, although I don't think we'll see the yen back at 230 anytime soon; after all, this is a Congressional election year."

"Of course," McCombs added, "if Congress approves increased tariff legislation, or even quotas, we could see prices rise no matter what the yen does."

McCombs said that the Taiwan-

ese company, which purchases its products from Japanese suppliers, is not looking elsewhere for suppliers, although that is a possibility if the yen continues to gain strength.

No threats felt

Executives at Sony claimed not to feel threatened by inroads made by the Koreans because these companies specialize in lower-end units, a category Sony has all but abandoned.

"Except for one model, all of our units are upper-end SuperBetas," said spokesman Fred Wahlstrom. "We're not getting a lot of competition in those areas from the Koreans."

Others are not so confident, however. "The dollar devaluation will definitely help the Koreans," said Fred Tushinsky, president of Marantz.

"It's an excellent opportunity for them to make inroads, provided they have the technology and the product," he said.

Tushinsky added that, like Sony, other Japanese manufacturers and marketers may surrender the low-end to the Koreans and concentrate more on higher-priced models of VCR's.

Agreed McCombs of Sampo. "We may lose something to the Koreans, especially in low-end leader models with wired remotes. But it won't be an inordinate amount."

Votrax introduces Votalker speech synthesizer; compatible with the Commodore 64 computer

TROY, MI—Votrax has introduced an addition to its Votalker family of speech synthesizers that can speak text automatically as it is entered into the computer and spell words upon command.

Designed specifically for the Commodore 64, the Votalker C-64 features a screen echo that permits all words, numbers, punctuation marks and other symbols to be automatically spoken as they are printed on the terminal screen.

The unit, which comes equipped with the SC-01A speech chip, has an unlimited vocabulary and a SPEAK command that vocalizes text with pitch, volume and rate control for

more natural-sounding speech. A MODE command offers a choice of



Votalker C-64

three kinds of text vocalization.

The 4-in. by 5-in. unit plugs into a Commodore 64 expansion port. It contains its own amplifier, speaker and external speaker jack. In addition, all programs and enhancements are in on-board read only memory (ROM).

The Votalker C-64 carries a retail price of \$99.95. As a special introductory offer, purchasers of the C-64 before Dec. 31 will be offered a Votrax Trivia Talker II free of charge. This talking software disk is comprised of five game categories, and retails for \$39.95.

Votrax, Inc., 1394 Rankin Road, M, Troy, MI 48083.



Lorus Solar-Powered Digital Watch

Fuji floppies come in 10-packs with solid- and multi-color boxes

NEW YORK—Fuji Photo Film U.S.A. has debuted its single- and double-sided 5 1/4-in. color floppy disks in a 10-pack configuration.



Fuji color ten-packs

The MD1D and MD2D soft-sealed, double-density disks now come in rainbow 10-packs in blue, green, red, gray and beige jackets. Solid color 10-packs also are available, in addition to standard black jackets in two- and 10-packs.

The colored jackets are designed to create a time-saving filing system, according to the firm.

Protective features of the color disks include high resistance to heat, increased durability with individual tracks and a light transmission rate within the specified

limit of less than one percent. The 10-packs are packaged in a waterproof and dust-resistant plastic case.

Another feature is a specially designed Super Hub Ring which reinforces the disk on both sides.

The suggested retail price for the MD1D ten-pack is \$22; the MD2D is \$30.

The company also has announced that its single- and double-sided 3 1/2-in. floppy disks, models MF1DD and MF2DD, can be purchased now in twin-pack configuration. The MF1DD packs retail for \$8 apiece while the MF2DD packs carry a suggested retail price of \$11.80 apiece.

Fuji Photo Film U.S.A., Computer Media Division, 350 Fifth Ave., M, New York, NY 10118.

Wild Watch features large digital display

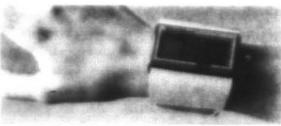
WEST HEMPSTEAD, NY—Big Time recently introduced Wild Watch, a lightweight quartz wristwatch that features numerals measuring 1 3/4 in. wide by 1/4 in. high.

The accurate, water-resistant timepiece is attached to adjustable, wide rubber wrist straps, available in six colors: red, blue, yellow, lavender, black, and white. The digital display reads out hours, minutes, seconds and the date.

The watch's large numbers make it particularly helpful to exercise and fitness buffs, the elderly, and the arthritic or sight-impaired.

Wild Watch carries a one-year warranty and a suggested retail price of \$19.95.

Big Time, Inc., 5 Terminal Rd., M, West Hempstead, NY 11552.



Big Time's Wild Watch



Nady Systems model TH-15H

Volume is adjusted with phone headset

OAKLAND, CA—Nady Systems' new low-cost EasyTalk telephone headsets include both the full-headband model (TH-15H) and the over-the-ear model (TH-15E) which are equipped with a noise-cancelling microphone on an adjustable boom.

Other features of the headsets include adjustable volume, a headset/handset switch and a "mute" switch for holding private conversations.

Both models retail for \$49.95.

Nady Systems, Inc., 1145 65th St., M, Oakland, CA 94608.

Radar unit connects to cigarette lighter

DAYTON, OH—Fox Marketing has introduced superheterodyne circuitry and a clean, modern look to its entry-level radar detector.

With measurements of 1.5 in.



Fox Super XK

high, 4 in. wide and 3.25 in. deep, the self-contained Fox Super XK is compact and simple to operate. It is plugged directly into the cigarette lighter of a vehicle. A glowing red LED and steadily increasing alarm indicates increasing proximity to a radar signal.

The firm says that the economical price and simplicity of the Fox Super XK make it an excellent first radar detector. It retails for \$139.95.

Fox Marketing, Inc., 4518 Taylorsville Road, M, Dayton, OH 45424.

No battery required for thin solar watch

PARAMUS, NJ—Lorus Products has introduced the world's first battery-less, solar-powered digital watch.

The ultra-thin watch will operate for up to six days without exposure to light and will be fully recharged when exposed to direct sunlight for three minutes.

The manufacturer maintains that the digital solar watch is the only one that does not require battery replacement after a period of time. With normal usage, it has an unlimited life span due to a miniature permanent condenser that stores and discharges the power.

The watch features a highly visible display readout showcasing hours, minutes and seconds, as well as an automatic calendar. The suggested retail price is \$19.95.

Lorus Products, West 80 Century Road, M, Paramus, NJ 07653.

Bib system cleans 3.5-in. disk drives

LAKEWOOD, CO—Bib has introduced a wet/dry cleaning system for 3.5-in. single- or double-sided disk drives.

Model BCC-16 has a unique head access conversion label that allows the precise amount of pad-to-head pressure established by the disk drive manufacturers. This single- or double-sided removable conversion label is without any glues or adhesives, which eliminates any chance of contamination of the sensitive read/write heads.

A hard plastic shell protects the industry-approved, non-abrasive cleaning media.

BCC-16 will operate in all 3.5-in. disk drives, including the Apple. Suggested retail price is \$29.95.

Bib Audio/Video Products, 3595 S. Teller, Suite 402, M, Lakewood, CO 80235.

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DECEMBER

Major Appliances

Circuit City blasts into L.A. with seven superstores

By Brad Berton, field editor

LOS ANGELES—With the grand opening of seven superstore warehouse showrooms last month—and another dozen planned for early 1986—Circuit City has entered the lucrative Los Angeles market with its lasers blazing.

The company's stated goal: to generate market share in major appliances and electronics comparable to that of its most visible competitor, The Federated Group. That chain, Circuit City estimates, holds less than 10 percent of the Los Angeles area's \$2.4 billion market.

The seven November openings—in West Los Angeles, Torrance, Buena Park, Huntington Beach, Orange, Laguna and Woodland Hills—are all near high-traffic shopping areas in comparatively upscale communities.

One store featured a high-tech interior with silver and gray walls and carpeting accented with red and

blue stripes and neon lights. A bright red "racetrack," surrounding the cashier stations and personal electronics displays, guides customers through the store.

According to Circuit City, the stores are patterned after the high-volume warehouse showrooms it owns and operates in the Southeast. The Richmond, VA-based company also operates consumer electronics specialty stores in the Southeast and 12 Lafayette/Circuit City electronics stores in the New York metropolitan area.

\$10 million ad budget

Circuit City promoted its Los Angeles openings with daily full-page black-and-red ads in major dailies including the Los Angeles Times, Orange County Register and Los Angeles Daily News (in the San Fernando Valley).

It also contracted with Admarket-

ing of Los Angeles to produce a variety of ads for local TV and radio. Admarketing said the anticipated radio and TV advertising budget for the first 12 months will exceed \$10 million. The campaign's theme: "Finally ... An Intelligent Choice!"

The ads call attention to the \$1,500 instant credit available as well as the stores' guaranteed low prices. If a shopper finds an item priced lower at a competitor (within 30 days of purchase), Circuit City will refund 110 percent of the price difference.

Circuit City's move west was aided by the acquisition of long-term leases at 16 Akron store locations. The company is remodeling 12 of these sites, at an average of \$1 million per store, and will sublet the other four.

While Circuit City signs haven't previously mingled with Southern California palm trees, the company has had 16 years of experience in the market, operating leased departments in Zody's stores. The 31 departments, however, will close in February, following expiration of the licensing agreement. At that time, Circuit City plans to convert one Zody's unit into one of its own superstores.

The Zody's departments now have a four percent market share, operating in 69,000 sq. ft. of showroom space—less than the space of five superstores. With plans to open as many as 19 superstores in the 12,000- to 15,000-sq.-ft. range, Circuit City said it plans to generate much more than twice the sales it has been getting at Zody's.

Broad product range

At the stores visited, Circuit City's major appliance brands include Whirlpool, Frigidaire, Maytag, Tappan, Caloric, Magic Chef, Norge and Gaffers & Sattler. Also featured are microwaves from Tappan, Sharp, Samsung, Toshiba, Litton and Sanyo.

During the grand opening, the Whirlpool LE5790XP dryer sold for \$299.97 and the LA550XP washer for \$369.97. The Frigidaire PFDA14TM refrigerator was priced at \$399.97.

Microwave prices included the Sharp Carousel II at \$188.88 and the Tappan 564804 at \$329.97.

The video department offers floor displays of projection sets and stereo TV consoles as well as a wall of VCR's, a wall of tabletop TV's and a special area for cameras.

Dubbed the "Camera Corner," it features portable VCR's, cameras



\$10 MILLION is Circuit City's advertising budget for its first year of operation in Los Angeles. Full-page newspaper ads kicked off the campaign.

and camcorders from RCA, Panasonic, Magnavox and Olympic. The RCA CLR 200 was priced at \$1,549.97. To demonstrate the products, customers are able to view what they were shooting or had shot on a TV screen.

The VCR wall includes models from Hitachi, Toshiba, Sony, Mitsubishi, JVC, Panasonic, RCA, Fisher, Sanyo, Zenith, Sharp, Magnavox and more. Among the units offered was the Panasonic PV 1330 at \$268.88 and the Hitachi VT 64A at \$449.97.

Circuit City also sells TV's from all of the above as well as sets by Technics and Proton. The Sony Trinitron KV-2084R was priced at \$699.97, the Fisher HT880 stereo TV at \$1,049.97 and the Mitsubishi VS-459RS projection set at \$2,999.97.

At the high end, audio/video systems included the Technics AVS 5000 for \$3,499.97 and the Proton 602 for \$1,999.97. Also represented were Sony, Sanyo, JVC and RCA.

The audio department features products by JVC, Pioneer, Sansui, Technics, Sharp, Onkyo, Mitsubishi, Sony, Hitachi, Fisher, Sanyo and others. A wall of components holds interconnectable products, allowing salesmen to demonstrate literally hundreds of combinations of tuners, amps, CD and tape players, turntables and speakers. A

continued on page 40

Carrier moves offshore to compete with Asian imports

By Nancy Markov, field editor

SYRACUSE, NY—The room air conditioner business is a volatile one since the temperature can make or break the season for dealers, distributors and manufacturers. Such was the case in 1985. Cool temperatures in areas such as the Northeast and Midwest seriously curtailed sales, resulting in a heavy inventory situation going into next year.



HIGHER-THAN-NORMAL inventory levels of room air conditioners exist in regions which had cool weather last summer, notes Gary Thompson, room air conditioner product marketing manager, Carrier.

But the weather isn't all that manufacturers have to contend with. There is also the increasing amount of product being shipped to this country from Far East suppliers. To avoid the foreign domination that exists in the microwave market, domestic suppliers have to keep on their toes with on-target products, merchandising programs and competitive prices that often dictate moving their own production offshore.

One firm, Carrier, continues to actively pursue the room air business with an offshore operation. *Merchandising* spoke with Gary Thompson, room air conditioner product marketing manager, who commented on the programs and product that he believes will enable Carrier to remain competitive.

Merchandising: How well did the room air conditioner industry fare in 1985?

Gary Thompson: It depends on where you look around the country. Business was not strong in areas like the Northeast and northern Midwest which got hit with cool temperatures. But business was good in the South and far West. On the whole, it was not a devastating year for the industry but not as good as we hoped it would be."

Merch: How high are industry continued on page 40

MAJOR APPLIANCES

Carrier will compete in A/C market by stressing quality and cutting costs

*continued from page 37
inventory levels going into 1986?*

GT: "There is a higher than normal inventory situation at the distributor and retailer levels. The highest levels of carryover are in those areas that had the cool weather. Other parts of the country have normal inventory carryover."

Merch: *How did Carrier do?*

GT: "Carrier sold better through retail channels than its competitors for a number of reasons. One is that we offer the best manufacturer's warranty on room air conditioners."

"In addition, the line is highly energy efficient. About 90 percent of the SKU's sport E.E.R.'s of 7.5 and above. And Carrier offers a broad product selection in both variety and capacity."

Merch: *How many models are in the line for 1986 versus 1985?*

GT: "In the 1985 line there were about 41 models; in the 1986 line, about 35. There are some variations because of state laws that dictate E.E.R. ranges based on capacity size and voltage. There are different requirements for each classification. But, in California, for example, in any category, no unit with an E.E.R. of below 8.2 can be sold."

Merch: *Which states currently have restrictive legislation in place?*

GT: "California, New York, Minnesota, Kansas and Pennsylvania. But more and more states will be jumping on the bandwagon. They want more efficient products sold in their state. Plus the utility companies in many areas are offering incentives and rebates to consumers for buying high-efficiency products."

"We believe in supplying high-efficiency products so the customer can spend less to operate them. When the customer shops he should really compare the initial price as well as look at the energy label to determine the annual operating cost. It's an ongoing educational process. But consumers are becoming more aware of what the term E.E.R. means."

Merch: *How much of a threat are the foreign suppliers?*

GT: "An increasing number of room air conditioners have been imported into this country over the past three years. In 1985, over 100,000 units were imported. When final figures for the year are in, that number may be as high as 140,000 to 150,000. Some models are higher in price than domestic offerings; some lower."

Merch: *What kind of foreign activity is expected for 1986?*

GT: "There are no real estimates as to what impact the foreign suppliers will have. Some of the Japanese firms may try to buy the market, dropping their prices to get in. There is also talk of units being brought in from Korea."

Merch: *How does Carrier plan to*

compete?

GT: "We are accenting quality more. Time and money is being spent on quality. We believe in our product. If our room air units cost a few dollars more we show the consumer that they are worth it because we offer the best warranty, the Good Housekeeping Seal, etc. We show the customer that he is buying value."

"Carrier also intends to remain competitive with products produced in other countries. We have moved our production off shore to take advantage of lower labor costs."

Merch: *Where has Carrier set up manufacturing plants?*

GT: "Carrier has entered into some joint ventures and we are importing our 1986 room air units from manufacturing facilities in Italy."

"We started overseas production in 1985. Three of the models offered this year were from our facility in Brazil."

"For 1986, the majority of our room air units will come from those overseas facilities. The exact percentage depends on the amount of carryover in distributors' inventories. No room air units will be made in this country. Our existing facil-

ties will be used for other, as yet undetermined, uses."

Merch: *Will any new directions be seen in Carrier's product line for 1986?*

GT: "We have a new split air conditioning system for 1986. It would be used, for example, in a contemporary home where the windows won't accommodate a room air unit or the homeowner doesn't want to block the window. Half of the system is inside the home; the other half is outside, connected with a refrigerant tubing. And since the compressor is outside, there is less noise."

"The split system is a straight cooling unit available in three sizes—12,000, 18,000 and 24,000 Btu's. It's designed for zone control, essentially cooling just one room. Our residential division offers models that can cool several rooms."

Merch: *Is Carrier introducing any special merchandising strategies going into 1986?*

GT: "In 1985 we implemented a program that has been quite successful for us—the Certified Carrier Air Conditioning Specialist Program. The end result is that the customer is able to work with a more knowledgeable salesman."

"We made a training manual available to our dealers. After reading it and answering the questions in the back of the manual, the salesman called the Carrier toll-free number and was asked questions randomly selected by the Carrier computer. If he answered the questions correctly, he became a certified air conditioning specialist and his name was put into a drawing for a cruise to Bermuda. After he sold 20 room air units he was given a leather business organizer with a Cross pen and pencil set and a calculator. About 3,000 retailers across the country participated in the program this year."

"The program has been expanded for 1986 and renamed the Carrier Professional Program. We've pooled our efforts with Dale Carnegie and Associates, Inc. to put creative selling techniques in the manual so the dealers learn about professional selling that can be applied to all categories, not just room air. There is also an optional four-hour sales training session with Dale Carnegie that dealers will be able to take advantage of."

"Just for enrolling in the program, the dealers will get their name put into a drawing for a chance at a grand prize. When they pass the test they will get their name put in again so they have two chances to win. The prize is Merchandise-mania—a five-minute shopping spree in a catalog showroom for merchandise worth up to \$10,000."

Circuit City makes house calls, offers free baby-sitting service

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sound room is filled with dozens of speakers.*

Among the products on the audio wall were the JVC L-AX3 turntable for \$49.97, the Pioneer SX 212-BX receiver for \$99.97 and the Mitsubishi DP-107 CD player for \$229.97.

Separate car stereo

Circuit City also has a separate room showcasing car stereo systems. Major manufacturers represented include JVC, Clarion, Concord, Fujitsu, Pioneer, Sanyo and Mitsubishi.

The personal electronics department features telephone equipment from suppliers such as AT&T, Teleconcepts, Soundesign, Panasonic, ATC, Sanyo, Unitech, Magnavox and Phone-Mate. During the first week of operation, the Teleconcepts Small Talk 736022 sold for \$11.97 and the Phone-Mate 8050 for \$179.97.

Also on the shelves are electronic typewriters from Canon, Brother, Casio, Smith-Corona and Panasonic. The Brother Compatronic 333 was featured at \$219.

In addition to selection, service was stressed at the Circuit City grand opening. Sales personnel

throughout the chain attend a six-week training course before working the floors. And all sales personnel get product updates at bi-weekly meetings.

Service departments are featured at each superstore and "house-call" service is provided for major appliances.

Superstores also feature a snack area, credit department and a free baby-sitting room, called, appropriately enough, Kiddy City.



APPLIANCES ARE FEATURED at the new Circuit City Superstores, in addition to video, audio and personal electronics. Each store has its own service department, as well as a system that speeds up checkout.

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HANDISING

Rich's saved \$17 million on utility charges in 1984

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In order to control peak load periods, Rich's Bartow implemented a "demand limiter" program. Through this program, a computer system renders the store's equipment incapable of surpassing a preset peak demand. Bartow referred to this as "setting a spike." One spike could cost as much as \$8,000 to \$12,000 for a large operation.

Saves \$17 million

The 5.7-million-sq.-ft. Rich's has grown 104 percent since 1969. The cost of electricity there has increased 408 percent since then. Yet the 117-store chain managed to save \$17 million on utility bills in 1984 through its cost control program.

What is its key to success? According to Bartow, it is "thinking smart." It is one thing to think smart, but putting that smart thinking into action requires a lot of careful planning, hard work and—for an operation of Rich's size—a large initial investment. But if your operation falls short of the 5.7-million-sq.-ft. mark, a smart conservation program does not have to be costly.

Bartow's energy management program was conceived in '72 and put in place in '73 after a careful test. He worked closely with Georgia Power in monitoring the test store. "We couldn't have asked for anybody to be more cooperative. They were as enthusiastic about the effort as we were," he recalled.

Rich's lighting improvement program involves efficiencies of energy conservation and, more importantly, the improvement of the "theater" of the merchandise.

Bartow stressed that while the chain is attempting to save energy, its top priority is to create displays that are appealing. "We're in the business of selling merchandise, not saving energy," he stressed.

To achieve this, Bartow added color-corrected, energy-efficient fluorescents to provide the closest thing to natural daylight and to the true color of the merchandise.

(Fluorescents tend to give off green light.)

Energy-efficient ballasts to power the fluorescents were installed and four-lamp fixtures were replaced with two-lamp fixtures. The fluorescents were augmented with spotlights to highlight merchandise. The spotlights' bulbs have energy-saving 90 W caps which emit 150 W of light.

In the electronics department, Bartow limited the amount of ambient lighting in the TV area, with the exception of accent lighting. "We try to get the level of accent

lighting to a minimum because this area doesn't need much light."

The store's utility equipment is controlled by computer, which monitors all energy functions. While the cost of a computer-controlled utility system (from \$10,000 to \$30,000) is prohibitive for a small operation, the amount of money the system saves Rich's makes it an effective means of utility cost control.

According to Frassrand, a time clock can control utility use in much the same way as a computer control system for as little as \$150 to \$500.

Dealers say promos can dispose of used tapes

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The dealers say they sell to the brokers for a number of reasons.

First of all, it's easy. It means immediate revenue for little work.

Brokers say they pay about half the list price for a used tape (roughly \$40 for a standard-priced \$79.95 cassette, if it is a popular title). Nationwide Video said it will pay \$35 for most \$60 tapes within 21 days of the release date, \$28 within 60 days and \$25 thereafter.

But retailers claim the brokers can be picky. "They basically are looking for the hot stuff," commented Tim McKeown, owner of Video Biz in Antioch, CA.

In fact, many of the retailers interviewed said that they could make more money selling their used tapes at retail. But that's not always

an easy proposition.

"Very few of our customers have an interest in buying a used movie," said Chuck Gilpin, owner of Video East-West, Joplin, MO. "We've tried a lot of different approaches, but we sell only five to six a month in the store. It just doesn't work."

Promos work

Other dealers who have been successful in selling used tapes to their customers find that promoting the titles has helped.

A yearly "turkey sale" at Video Cassettes Unlimited is one way the store gets rid of its used tapes. "I have no trouble moving these titles at \$9.95," said Pough.

On an ongoing basis, the store sells used tapes for \$19.95 to \$39.95,

depending on the original price. And the titles are trumpeted through the firm's catalog, a monthly newsletter and a sign placed in the middle of the store that reads, "Own a piece of Hollywood. Buy a used tape at a discount."

At the Video Place, Barnako advertises used tapes in the store's newsletter as "previously rented." Ads run on TV and in The Washington Post say simply, "Movies for sale, \$19.95."

A used movie sale is held twice a year at Tampa Video Station. The tapes are put in a bin and sold for \$19.95 each, or six for \$99. "The customers love it," said Ross.

The store's quarterly newsletter also promotes the used cassettes. And whatever doesn't sell goes back on the rental shelf.

Electronics furniture vendors unveil small carts and elaborate wall systems

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who works at home, Sligh has added a computer-oriented L-shaped oak desk in traditional styling for \$3,000.

Van Pelt's VP Systems International, Greenvale, NY, (American distributor for the Belgium firm) introduced a large collection of pieces from small carts for TV's and microwaves to elaborate wall systems.

Typical in this group was The Maryland wall system featuring a black case, rosewood doors and faces, brass accents, considerable concealed storage in cabinets and drawers, compartments for a large TV and audio/video components, a mirrored bar, lighted display areas and glass doors. Suggested retail price is \$799.

Hekman Furniture Co., Grand Rapids, MI, showed several new entertainment centers, including a traditional-style model in cherry solids and veneers, a campaign style in mahogany and an informal piece in ash solids and veneers.

Each unit accommodates a large TV set on a tilt/swivel pull out and includes an underneath VCR shelf and shelves for equipment and tape storage.

Creative Cabinets, Springfield, VA, introduced a computer/home

entertainment cabinet in mahogany solids with oak/cherry veneers. The unit has adjustable shelves for a 25- or 26-in. monitor, two VCR's, stereo equipment, a turntable, cable converter and satellite dish control as well as removable file dividers for record storage, two drawers for cassettes and one for video tapes.

The unit can be adapted to serve as a computer console and is available in black lacquer.

Distributors set up separate sales areas

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Sub-Zero.

"The move really increased our overhead in sales and the administrative areas," said Tom King, owner and president. "It has worked, but it has hurt us profit-wise."

The common solution

Setting up separate sales areas at the distributor level is the common solution to conflicting product lines, said Don Matney, vice president of marketing, Jenn-Air.

And carrying additional product

categories is a benefit, he pointed out, since it gives the distributors added volume. "For example, some of our distributors didn't have a dishwasher line when we introduced that product, so they welcomed our units. And broader lines give the dealer more product options to choose from."

Matney said that all Jenn-Air merchandise is currently moved through its distributor network; it's still the most viable way to handle product. However, there may be programs developed in the future to sell directly to the large appliance operations "if it's to our benefit."

Workers enjoy gains by lending to firms

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group of sources relates to your employees or employee funds. Employees often have very important added benefits from becoming lenders. One such benefit may stem from a situation in which their jobs may be at stake. Many companies have been saved with loans from employees.

Another benefit to employees may be higher rates on their money. Companies in good financial condition have borrowed from employees because it was less expensive than borrowing from a commercial bank. At the same time, the employees received more interest than they would have received from deposit accounts or money market funds. In effect, the middleman was cut out.

A variation of this is to give added incentive to the employee loans with options to buy preferred stock with no voting rights. This gives the employees potential for earnings and growth on investment.

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